

**EXHIBIT 6**

**Deposition of Larry Blust**

**Dated 11/13-14/2019**

**Deposition Exhibits**

**42, 43, 87-94**

**Larry Blust****11/13/2019**

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<p>1 IN THE UNITED STATES DISTRICT COURT NORTHERN</p> <p>2 DISTRICT OF ALABAMA, NORTHEASTERN DIVISION</p> <p>3</p> <p>4 CIVIL ACTION NO. 5:18-CV-01983-LCB</p> <p>5</p> <p>6 NUCLEAR DEVELOPMENT, LLC,</p> <p>7 Plaintiff,</p> <p>8 vs.</p> <p>9 TENNESSEE VALLEY AUTHORITY,</p> <p>10 Defendant.</p> <p>11</p> <p>12 VIDEO DEPOSITION OF LARRY BLUST</p> <p>13 Bradley Arant Boult Cummings, LLP</p> <p>14 One Federal Place</p> <p>15 1819 Fifth Avenue North</p> <p>16 Birmingham, Alabama 35203</p> <p>17 November 13, 2019</p> <p>18</p> <p>19 REPORTED BY:</p> <p>20 Gail B. Pritchett</p> <p>21 Certified Realtime Reporter,</p> <p>22 Registered Professional</p> <p>23 Reporter and Notary Public</p>	<p>1 A P P E A R A N C E S (continuing)</p> <p>2</p> <p>3 ALSO FOR THE DEFENDANT:</p> <p>4 Mr. Steven C. Chin</p> <p>5 Office of the General Counsel</p> <p>6 Tennessee Valley Authority</p> <p>7 400 West Summit Hill Drive, WT6</p> <p>8 Knoxville, Tennessee 37902</p> <p>9 865.632.3052</p> <p>10 scchin@tva.gov</p> <p>11</p> <p>12 THE VIDEOGRAPHER:</p> <p>13 Ms. Shannon Campbell</p> <p>14 Courtroom Technologies, Inc.</p> <p>15 brad@crtrialtech.com</p> <p>16 205.790.5841</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>
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<p>1 A P P E A R A N C E S</p> <p>2</p> <p>3 FOR THE PLAINTIFF:</p> <p>4 Mr. Caine O'Rear III</p> <p>5 Attorney at Law</p> <p>6 Hand Arendall, LLC</p> <p>7 RSA Tower</p> <p>8 11 North Water Street</p> <p>9 Suite 30200</p> <p>10 Mobile, Alabama 36602</p> <p>11 251.432.5511</p> <p>12 corear@handarendall.com</p> <p>13</p> <p>14 FOR THE DEFENDANT:</p> <p>15 Mr. Matthew H. Lembke</p> <p>16 Attorney at Law</p> <p>17 Bradley Arant Boult Cummings, LLP</p> <p>18 One Federal Place</p> <p>19 1819 Fifth Avenue North</p> <p>20 Birmingham, Alabama 35203</p> <p>21 205.251.8000</p> <p>22 mlembke@bradley.com</p> <p>23</p>	<p>1 INDEX OF EXAMINATION</p> <p>2 Page:</p> <p>3 EXAMINATION BY MR. LEMBKE 8</p> <p>4</p> <p>5 INDEX OF EXHIBITS</p> <p>6 Page:</p> <p>7 Exhibit Number 87 - Resume 11</p> <p>8 Exhibit Number 88 - 10/3/16 email, 62</p> <p>9 SUBJ: P&amp;S Contract Draft,</p> <p>10 ND5144-ND5148</p> <p>11 Exhibit Number 89 - 10/18/16 email, 63</p> <p>12 SUBJ: Bellefonte P&amp;S Agreement,</p> <p>13 ND5159-ND5162</p> <p>14 Exhibit Number 90 - 10/24/16 letter 65</p> <p>15 from C. O'Neill, RE: Potential Sale</p> <p>16 of Bellefonte Nuclear Plant Site,</p> <p>17 ND415-ND417</p> <p>18 Exhibit Number 91 - 8/29/18 email, 81</p> <p>19 SUBJ: ND to TVA Extension Letter</p> <p>20 Rev. 2</p> <p>21 Exhibit Number 92 - 11/2018 emails, 83</p> <p>22 SUBJ: Did we get any feedback,</p> <p>23 ND4315-4316</p>

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<p style="text-align: right;">Page 5</p> <p>1 INDEX OF PREVIOUSLY MARKED EXHIBITS</p> <p>2 Page:</p> <p>3 Exhibit Number 42 - 8/18/16 email 51</p> <p>4 from L. Blust to C. O'Neill, ND4966-</p> <p>5 ND4967</p> <p>6 Exhibit Number 43 - 9/9/16 email 59</p> <p>7 with Indicative Bid, ND5048-ND5056</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>	<p style="text-align: right;">Page 7</p> <p>1 I, Gail B. Pritchett, a Certified</p> <p>2 Realtime Reporter and Registered Professional</p> <p>3 Reporter of Birmingham, Alabama, and a Notary</p> <p>4 Public for the State of Alabama at Large,</p> <p>5 acting as Commissioner, certify that on this</p> <p>6 date, as provided by the Federal Rules of Civil</p> <p>7 Procedure of the United States District Court,</p> <p>8 and the foregoing stipulation of counsel, there</p> <p>9 came before me at the offices of Bradley Arant</p> <p>10 Boulton Cummings, LLP, One Federal Place,</p> <p>11 1819 Fifth Avenue North, Birmingham, Alabama</p> <p>12 35203, on the 13th day of November, 2019,</p> <p>13 commencing at 3:57 p.m., LARRY BLUST, witness</p> <p>14 in the above cause, for oral examination,</p> <p>15 whereupon the following proceedings were had:</p> <p>16</p> <p>17 THE VIDEOGRAPHER: This marks the</p> <p>18 beginning of video deposition of Larry D.</p> <p>19 Blust. Today's date is November 13th, 2019;</p> <p>20 the time is now 3:57 p.m. This is in the</p> <p>21 matter of Nuclear Development, LLC, plaintiff,</p> <p>22 versus Tennessee Valley Authority, defendant,</p> <p>23 filed in the United States District Court for</p>
<p style="text-align: right;">Page 6</p> <p>1 S T I P U L A T I O N</p> <p>2 IT IS STIPULATED AND AGREED, by</p> <p>3 and between the parties, through their</p> <p>4 respective counsel, that the deposition of</p> <p>5 LARRY BLUST may be taken before Gail B.</p> <p>6 Pritchett, Commissioner, Certified Realtime</p> <p>7 Reporter, Registered Professional Reporter and</p> <p>8 Notary Public;</p> <p>9 That the signature to and reading</p> <p>10 of the deposition by the witness is waived, the</p> <p>11 deposition to have the same force and effect as</p> <p>12 if full compliance had been had with all laws</p> <p>13 and rules of Court relating to the taking of</p> <p>14 depositions;</p> <p>15 That it shall not be necessary for</p> <p>16 any objections to be made by counsel to any</p> <p>17 questions, except as to form or leading</p> <p>18 questions, and that counsel for the parties may</p> <p>19 make objections and assign grounds at the time</p> <p>20 of trial, or at the time said deposition is</p> <p>21 offered in evidence, or prior thereto.</p> <p>22</p> <p>23</p>	<p style="text-align: right;">Page 8</p> <p>1 the Northern District of Alabama, Northeastern</p> <p>2 Division, Case Number 5:18-CV-01983-LCB.</p> <p>3 Will counsel please state who you</p> <p>4 are and who you represent.</p> <p>5 MR. LEMBKE: Matt Lembke for</p> <p>6 defendant TVA.</p> <p>7 MR. CHIN: Steve Chin for</p> <p>8 defendant TVA.</p> <p>9 MR. O'REAR: Caine O'Rear for the</p> <p>10 plaintiff, Nuclear Development.</p> <p>11</p> <p>12 LARRY BLUST,</p> <p>13 having been first duly sworn, was examined and</p> <p>14 testified as follows:</p> <p>15</p> <p>16 THE COURT REPORTER: Usual</p> <p>17 stipulations?</p> <p>18 MR. LEMBKE: Yes.</p> <p>19 MR. O'REAR: Okay.</p> <p>20</p> <p>21 EXAMINATION BY MR. LEMBKE:</p> <p>22 Q. Will you state your name for the</p> <p>23 record, please?</p>

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<p>1 A. Larry D. Blust.</p> <p>2 Q. Mr. Blust, have you ever been</p> <p>3 deposed before?</p> <p>4 A. Yes.</p> <p>5 Q. All right. How many times?</p> <p>6 A. I couldn't tell you. It's not a</p> <p>7 huge number of times, but I have been</p> <p>8 practicing fifty years, I don't remember how</p> <p>9 many times.</p> <p>10 Q. Well, is it more than five?</p> <p>11 A. It's probably more than five.</p> <p>12 Q. All right. When is the last time</p> <p>13 you remember being deposed?</p> <p>14 A. I don't know what year, but it has</p> <p>15 been quite a while ago.</p> <p>16 Q. All right. Well, you understand</p> <p>17 that you have been placed under oath and I will</p> <p>18 ask you a series of questions that you need to</p> <p>19 answer to the best of your ability. If at any</p> <p>20 time you don't understand one of my questions</p> <p>21 and need me to repeat it or rephrase it, I will</p> <p>22 be happy to do so; otherwise I will assume you</p> <p>23 understand the question, okay?</p>	<p>1 Q. All right. Let me show you what I</p> <p>2 am going to ask the court reporter to mark as</p> <p>3 Exhibit 87.</p> <p>4 (Exhibit Number 87 was marked for</p> <p>5 identification.)</p> <p>6 Q. And do you recognize this, Mr.</p> <p>7 Blust?</p> <p>8 A. (Reviewing document.) Looks like</p> <p>9 it came from our firm website.</p> <p>10 Q. And I will represent that this was</p> <p>11 an enclosure with the application submitted by</p> <p>12 Nuclear Development in November 2018 to the NRC</p> <p>13 for approval of the transfer of the Bellefonte</p> <p>14 construction permits.</p> <p>15 Does this accurately reflect your</p> <p>16 education?</p> <p>17 A. Yes, it does.</p> <p>18 Q. All right. Now, Mr. Blust, does</p> <p>19 this accurately reflect the nature of your</p> <p>20 current law practice?</p> <p>21 A. Let me just read the top here.</p> <p>22 (Reviewing document.) The major areas, yes.</p> <p>23 Q. All right. And you have been a</p>
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<p>1 A. Great.</p> <p>2 Q. And if at any point you need to</p> <p>3 take a break, just let me know; and as soon as</p> <p>4 we have resolved the pending question, we will</p> <p>5 be happy to take a break.</p> <p>6 And if I -- if you ever say uh-uh</p> <p>7 or uh-huh, I will ask you to verbalize yes or</p> <p>8 no so the court reporter can get a clear record</p> <p>9 of --</p> <p>10 A. I appreciate that.</p> <p>11 Q. -- what's being said.</p> <p>12 All right. Mr. Blust, what is</p> <p>13 your home address?</p> <p>14 A. 1847 Lincoln, Chicago, Illinois.</p> <p>15 Q. What is the zip code?</p> <p>16 A. 60614.</p> <p>17 Q. And what is your business address?</p> <p>18 A. 70 West Madison, Suite 4000,</p> <p>19 Chicago 60602.</p> <p>20 Q. All right. And what is the name</p> <p>21 of the law firm at which you practice?</p> <p>22 A. Hughes Socol Piers Resnick &amp; Dym,</p> <p>23 LTD.</p>	<p>1 partner at your current law firm since 2014,</p> <p>2 correct?</p> <p>3 A. Correct.</p> <p>4 Q. Where were you practicing prior to</p> <p>5 that?</p> <p>6 A. Barnes &amp; Thornburg in Chicago.</p> <p>7 Q. All right. And how long were you</p> <p>8 with Barnes &amp; Thornburg?</p> <p>9 A. Since the start of 2002 to 2014.</p> <p>10 Q. And prior to that where did you</p> <p>11 practice law?</p> <p>12 A. Jenner &amp; Block in Chicago.</p> <p>13 Q. And how long were you at Jenner &amp;</p> <p>14 Block?</p> <p>15 A. Thirty some years. It would have</p> <p>16 been from my graduation, with the exception of</p> <p>17 three years when I was in the U. S. Air Force,</p> <p>18 all the way until 2002.</p> <p>19 Q. And was the nature of your</p> <p>20 practice any different when you were at Barnes</p> <p>21 &amp; Thornburg or Jenner &amp; Block versus what it is</p> <p>22 today?</p> <p>23 A. I'm sure it was, particularly in</p>

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<p>1 the early years. When I was an associate, I</p> <p>2 didn't practice in all of these areas. But,</p> <p>3 you know, it has just matured over the years as</p> <p>4 transactions have changed and everything else.</p> <p>5 Q. And you are a member of which</p> <p>6 Bars?</p> <p>7 A. I am a member of the Illinois Bar,</p> <p>8 the Bar of the 7th Circuit, the Northern</p> <p>9 District of Illinois. I'm a member of this</p> <p>10 particular Bar for this particular case, and I</p> <p>11 also may still be admitted in Delaware for a</p> <p>12 particular case until the case is over. I am a</p> <p>13 member of the Tax Court and a member of the</p> <p>14 Court of Federal Claims Bar. And I am trial</p> <p>15 bar member of the Northern District of</p> <p>16 Illinois.</p> <p>17 Q. Now, prior to any work you did for</p> <p>18 Nuclear Development, had you ever had any</p> <p>19 experience in legal work connected to the</p> <p>20 nuclear power industry?</p> <p>21 A. Not nuclear power, no.</p> <p>22 Q. And have you ever had any</p> <p>23 experience in conjunction with construction of</p>	<p>1 applying for the transfer of a construction</p> <p>2 permit pertaining to a nuclear plant?</p> <p>3 A. No.</p> <p>4 Q. Prior to your work for Belle --</p> <p>5 Nuclear Development, have you ever been</p> <p>6 involved in legal work in connection with any</p> <p>7 application to the Nuclear Regulatory</p> <p>8 Commission?</p> <p>9 A. Not to the NRC. However, I had</p> <p>10 experience before this with regard to</p> <p>11 Bellefonte, but --</p> <p>12 Q. I'm sorry, say that again?</p> <p>13 A. Prior to the current thing on</p> <p>14 Bellefonte, I had experience with the NRC in</p> <p>15 regard to Bellefonte.</p> <p>16 Q. All right. Tell me about that.</p> <p>17 A. We -- I had an associate of mine</p> <p>18 also doing this, but we had meetings with the</p> <p>19 NRC to be sure that the plant licenses for</p> <p>20 Bellefonte were still good.</p> <p>21 Q. And when was that?</p> <p>22 A. Probably would have been somewhere</p> <p>23 between 2'02 and 2'05.</p>
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<p>1 a nuclear plant?</p> <p>2 A. Prior to my experience with</p> <p>3 Bellefonte or --</p> <p>4 Q. Yes.</p> <p>5 A. No.</p> <p>6 Q. All right. Prior to --</p> <p>7 A. Well, I'm sorry, that's wrong. I</p> <p>8 represented a client who did all of the piping</p> <p>9 at most of the Commonwealth Edison plants,</p> <p>10 nuclear plants, and I did contracting work for</p> <p>11 their company. So I contracted with Exelon</p> <p>12 which was Commonwealth Edison at that time.</p> <p>13 Q. All right. Have you ever had any</p> <p>14 experience prior to your representation of</p> <p>15 Nuclear Development with the operation of a</p> <p>16 nuclear plant?</p> <p>17 A. No.</p> <p>18 Q. Prior to your representation of</p> <p>19 Nuclear Development, did you ever represent an</p> <p>20 owner of a nuclear plant?</p> <p>21 A. No.</p> <p>22 Q. Prior to your work for Nuclear</p> <p>23 Development, have you ever been involved in</p>	<p>1 Q. All right. And why were you doing</p> <p>2 that?</p> <p>3 A. Because we were attempting to</p> <p>4 finance or acquire Bellefonte, and we -- and</p> <p>5 these were relatively old permits and we wanted</p> <p>6 to make sure that the NRC had no problem with</p> <p>7 the existing permits. That's what we</p> <p>8 established in those meetings.</p> <p>9 Q. And this was for work for Franklin</p> <p>10 Haney or one of his companies?</p> <p>11 A. Correct.</p> <p>12 Q. How long have you had a business</p> <p>13 relationship with Franklin Haney?</p> <p>14 A. You mean as a lawyer? I don't</p> <p>15 have any business relationship with him. I am</p> <p>16 a lawyer for him.</p> <p>17 Q. Well, you are more than a lawyer,</p> <p>18 aren't you? You are an officer of Nuclear</p> <p>19 Development, right?</p> <p>20 A. I am officer of other clients,</p> <p>21 too. Officer is general counsel or secretary,</p> <p>22 it's just the same thing as a lawyer. I am an</p> <p>23 outside lawyer. I've always been an outside</p>

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<p>1 lawyer. I was a general counsel of a public</p> <p>2 company for a while, but that was just because</p> <p>3 somebody else was out of -- I have worked for</p> <p>4 Franklin Haney since 1983 on various different</p> <p>5 projects.</p> <p>6 Q. Now, Mr. Blust, when you say --</p> <p>7 you are aware that the representation was made</p> <p>8 to the Nuclear Regulatory Commission that you</p> <p>9 are an officer of Nuclear Development, correct?</p> <p>10 A. And I am. There is a designation</p> <p>11 of me as an officer.</p> <p>12 Q. And it was not stated to the</p> <p>13 Nuclear Regulatory Commission that you are an</p> <p>14 outside lawyer, correct?</p> <p>15 A. I don't know what was stated to</p> <p>16 them.</p> <p>17 Q. You don't know?</p> <p>18 A. Uh-uh, I don't have any idea.</p> <p>19 Q. You didn't read the application?</p> <p>20 A. No.</p> <p>21 Q. Mr. Blust, you say you began</p> <p>22 working with Franklin Haney in 1983. Has your</p> <p>23 work for him and his companies been essentially</p>	<p>1 Q. Do you have personal knowledge of</p> <p>2 how long it takes the NRC to typically review</p> <p>3 an application for transfer of construction</p> <p>4 permits for a nuclear plant?</p> <p>5 A. What does personal knowledge mean?</p> <p>6 Q. Personal knowledge.</p> <p>7 A. Does it mean have I done it or</p> <p>8 does it mean I have heard from them how long it</p> <p>9 takes or I have heard from somebody else how</p> <p>10 long it takes?</p> <p>11 Q. Well, you said you have never done</p> <p>12 it, right?</p> <p>13 A. Correct.</p> <p>14 Q. All right. Have you heard from</p> <p>15 NRC how long it will take?</p> <p>16 A. Yes.</p> <p>17 Q. And what did they tell you?</p> <p>18 A. Six months.</p> <p>19 Q. But you now know it is going to</p> <p>20 take longer than that for Bellefonte?</p> <p>21 A. Well, not really. The most recent</p> <p>22 thing they did is roughly that kind of time</p> <p>23 frame, maybe it's eight or nine months.</p>
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<p>1 steady for the last thirty-six years?</p> <p>2 A. Well, it has grown because I</p> <p>3 replaced a number of other lawyers. I had one</p> <p>4 project for him in 1983 and I became later on</p> <p>5 the family lawyer and also for all of the other</p> <p>6 projects. So I acquired over the years -- I</p> <p>7 guess I survived a whole bunch of other</p> <p>8 attorneys would be the best way to put it.</p> <p>9 Q. Other than your work for Nuclear</p> <p>10 Development, are you currently doing work for</p> <p>11 any of Franklin Haney's companies?</p> <p>12 A. Yes.</p> <p>13 Q. All right. And do you bill Mr.</p> <p>14 Haney for work on the Bellefonte project at an</p> <p>15 hourly rate?</p> <p>16 A. Yes.</p> <p>17 Q. What is that hourly rate?</p> <p>18 A. This particular year it's six</p> <p>19 hundred seventy dollars an hour.</p> <p>20 Q. Has that changed over the last</p> <p>21 five years?</p> <p>22 A. Yes. It changes virtually every</p> <p>23 year, but not by much.</p>	<p>1 Q. Well, isn't it ten?</p> <p>2 A. Depends on how you count it.</p> <p>3 Q. Well, you are aware they sent</p> <p>4 Nuclear Development a letter on November 8th,</p> <p>5 correct?</p> <p>6 A. I guess. I don't remember the</p> <p>7 date.</p> <p>8 Q. Well, I will represent to you it</p> <p>9 was November 8.</p> <p>10 A. Yeah, okay.</p> <p>11 Q. And they say it will be done by</p> <p>12 December 2020, correct?</p> <p>13 A. I think that's right.</p> <p>14 Q. Isn't that ten months?</p> <p>15 A. I would count it as ten months or</p> <p>16 nine and a half or whatever it is.</p> <p>17 MR. O'REAR: I think it's November</p> <p>18 5th.</p> <p>19 (Off-the-record discussion.)</p> <p>20 Q. (BY MR. LEMBKE:) And you said --</p> <p>21 you suggested that -- well, you were asking me</p> <p>22 if I was asking if others told you how long it</p> <p>23 would take. Have others told you how long it</p>

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<p>1 would take, other than NRC people, to get 2 approval of a license transfer application? 3 A. Yes, and I would have to say to 4 you, maybe I should clarify the last answer, 5 there is obviously a range. What I was talking 6 about was six months, would take at least six 7 months. So you have always got a range with 8 any application because you have different 9 issues and different things. Sometimes they 10 want more information which requires you to 11 take longer time, et cetera, et cetera. So -- 12 Q. Have you ever personally been a 13 party in civil litigation? 14 A. No. 15 Q. How did you prepare for today's 16 deposition? 17 A. I went over with Mr. Caine some 18 documents that he asked me about, et cetera, 19 and talked to him about the deposition. 20 Q. Did you read anyone else's 21 deposition? 22 A. Not in preparation for this. I 23 have read because I was at the other</p>	<p>1 proposals. We negotiated with TVA, met with 2 TVA numerous times and various financing 3 proposals. At that time TVA had a -- TVA has a 4 financing cap imposed by Congress and they did 5 not have ability to finance under that cap the 6 three nuclear plants that they hadn't 7 completed. So Mr. Haney, who has always had 8 business dealings with TVA, somehow decided he 9 wanted to make a proposal on financing these, 10 and I came up with those proposals. 11 Q. And those proposals were not 12 accepted, correct? 13 A. Unless you view the fact that they 14 did one of those proposals without us. I guess 15 that's true. 16 Q. Well, they -- Mr. Haney's 17 companies weren't involved in the financing -- 18 A. Correct. 19 Q. -- correct? 20 A. Correct. 21 Q. All right. After that series of 22 proposals, as you describe it, in 2001, what do 23 you recall as your next involvement doing work</p>
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<p>1 depositions, as you know, and I have read those 2 when they -- when the transcripts came out. 3 But I didn't re-read them for this -- to 4 prepare for this. 5 Q. Mr. Blust, when were you first 6 involved in any matter involving Nuclear 7 Development? 8 A. It was either 2001 or 2002. It 9 was either late 2001 or early 2002. 10 Q. Well, let me -- I think -- 11 A. It had to be 2001, I'm sorry, 12 because I left at the start of 2002. It had to 13 be 2001. I was still at Jenner. 14 Q. All right. Well, Nuclear 15 Development wasn't formed until 2012, right? 16 A. Correct. 17 Q. All right. So you are referring 18 to some matter involving Bellefonte in 2001, 19 right? 20 A. Correct. 21 Q. Okay. What were you involved with 22 in 2001? 23 A. A whole series of different</p>	<p>1 for Mr. Haney or any of his companies in 2 connection with Bellefonte? 3 A. Well, that went through -- all the 4 way through the time when we actually -- when 5 they declared surplus and did the bidding. 6 There was rarely a time we weren't making some 7 kind of proposal to TVA. There may have been 8 months here and months there, but this was a 9 continuous stream of proposals. 10 Q. None of which were accepted, 11 correct? 12 A. With the caveat I just said, 13 that's right. 14 Q. Were you involved in forming 15 Nuclear Development as a company? 16 A. I did. 17 Q. All right. Why was it formed? 18 A. It was formed because we got far 19 enough along that we felt we had to have a new 20 -- an entity actually to do this, and that was 21 largely in regard to the tax credits. 22 Q. Far enough along with what? 23 A. With the proposals in doing</p>



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<p>1 something with nuclear plant. And so we first 2 used it in regard to the tax credits. 3 Q. All right. When you refer to the 4 tax credits, what do you mean? 5 A. Well, there's a set of production 6 tax credits authorized by 45J of the Internal 7 Revenue Code which we applied for. 8 Q. And does nuclear power have to be 9 produced to get the tax credits? 10 A. To get the tax credits, yes. It's 11 a production tax credit, so based on 12 production. 13 Q. And does one have to be the owner 14 of a nuclear plant to get the tax credits? 15 A. Not to get the allocation of tax 16 credits, but to get the -- if you are talking 17 about actually use the credits, the amount of 18 credit you can use is based on production. And 19 you have to be the owner of that production. 20 Well, I shouldn't say that either. There was 21 an amendment to this provision that allowed 22 certain not-for-profits to transfer these 23 credits to people who were not owners of</p>	<p>1 This was formed to bid on the tax credits. We, 2 in fact, were accepted, but we formed it for 3 that purpose. And then it made various 4 proposals. 5 Q. And would each of those proposals 6 have resulted in Nuclear Development owning all 7 or a part of the Bellefonte nuclear plant? 8 A. No. 9 Q. All right. Well, how was -- if 10 Nuclear Development wasn't going to own all or 11 part of the Bellefonte nuclear plant, how would 12 it ever get the benefit of any tax credits? 13 A. The initial proposals were 14 long-term leases. Under the Internal Revenue 15 Code, a long-term lease with the right terms is 16 equivalent to ownership under the Code. So our 17 original proposals did not necessarily envision 18 us owning the plants, it was either/or 19 basically. And the proposals being made to TVA 20 at the time were we would lease the plant. 21 Q. And at the time Nuclear 22 Development was formed, had TVA yet decided to 23 discontinue its plan to complete the</p>
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<p>1 plants. So when we applied, the answer to your 2 question is yes. 3 Q. So it's fair to say that the only 4 way that Nuclear Development or any of Mr. 5 Haney's companies would get a tax credit or Mr. 6 Haney get a tax credit is if the plant is built 7 and generates power? 8 A. Correct. 9 Q. Now, Nuclear Development was 10 formed in 2012, correct? 11 A. I think that's right. 12 Q. All right. That was four years 13 before, give or take a few months, TVA -- the 14 decision of the TVA Board to declare Bellefonte 15 to be surplus property? 16 A. Correct. 17 Q. What -- what was Nuclear 18 Development proposing when it was first 19 formed -- 20 A. It was formed to get the tax 21 credits. Tax credits are assigned -- you don't 22 get the tax credits until -- I think there was 23 a time period where you bid on the tax credits.</p>	<p>1 construction of Bellefonte? 2 A. Well, they had decided that at 3 least once and going back and decided to 4 complete and et cetera, et cetera. I don't -- 5 I think it may have been a couple of times. So 6 the answer is yes, they had decided it. 7 Q. Well, setting aside the first time 8 they did it, had they made -- had they made 9 that decision for the second time at the time 10 Nuclear Development was formed? 11 A. I could be wrong on this, and it's 12 a matter of public record, but I believe they 13 did as to Plant 2. I believe they only were 14 willing to proceed ahead with Plant 1, that's 15 the second time around. Now, I would have to 16 go back and check the NRC records -- or the DOE 17 records actually. 18 Q. And what -- do you know what your 19 exact position is at Nuclear Development? 20 A. Yeah, it's secretary/general 21 counsel. 22 Q. And what are your duties? 23 A. Well, as secretary, I do corporate</p>



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<p>1 minutes and consents, which is what a</p> <p>2 traditional corporate secretary does.</p> <p>3 Generally a secretary has no authority to do</p> <p>4 anything in the way of a business matter; they</p> <p>5 certify stuff.</p> <p>6 And as general counsel, my -- my</p> <p>7 position is exactly the same as were I not</p> <p>8 general counsel and hired to be the attorney</p> <p>9 for the company.</p> <p>10 Q. And your compensation arrangement</p> <p>11 is hourly rate billing for those duties?</p> <p>12 A. Correct.</p> <p>13 Q. Have your duties changed over time</p> <p>14 for Nuclear Development as general counsel and</p> <p>15 secretary?</p> <p>16 A. What you do is change over time</p> <p>17 with proposals, but my duties haven't changed.</p> <p>18 I am the lawyer and I am the secretary.</p> <p>19 Q. And who do you report to?</p> <p>20 A. Well, you know, as a lawyer you</p> <p>21 service a lot of people in the company, but I</p> <p>22 report ultimately to Franklin Haney.</p> <p>23 Q. What is his position at Nuclear</p>	<p>1 McCollum was made chief executive officer. And</p> <p>2 so he vaulted over Frank who remained</p> <p>3 president, but a lot of companies will have a</p> <p>4 CEO who is number one and a president who is</p> <p>5 number two, and that was the structure that was</p> <p>6 changed. I don't remember exactly when.</p> <p>7 Q. And why was it changed?</p> <p>8 A. I got the impression that it was</p> <p>9 changed because of Frank, Jr.'s divorce, when</p> <p>10 he was going through an ugly divorce. That was</p> <p>11 my impression. Nobody told me that.</p> <p>12 Q. What was the length between his</p> <p>13 divorce and elevating Mr. McCollum to CEO?</p> <p>14 A. The length before -- from his</p> <p>15 filing of his -- well, I don't -- you would</p> <p>16 have to tell me what you want as a starting</p> <p>17 point and what you want as a finish point.</p> <p>18 Q. Well, I am not going to tell you</p> <p>19 how to answer a question, Mr. Blust. What I'm</p> <p>20 asking you --</p> <p>21 A. Well, to answer it, I have got to</p> <p>22 understand those two. What are you talking</p> <p>23 about?</p>
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<p>1 Development?</p> <p>2 A. Nuclear Development is an LLC, and</p> <p>3 he is the sole manager and originally was the</p> <p>4 sole member.</p> <p>5 Q. Are there other members now?</p> <p>6 A. There are other members now.</p> <p>7 Q. Who are the other members?</p> <p>8 A. The other members are five trusts</p> <p>9 for each of his children, one trust -- one</p> <p>10 trust each for each of his children might be a</p> <p>11 better way to put it.</p> <p>12 Q. And who are the other officers of</p> <p>13 Nuclear Development?</p> <p>14 A. Well, originally the other</p> <p>15 officers were Frank Haney, Jr. as president,</p> <p>16 William McCollum as vice president and chief</p> <p>17 nuclear officer. Let's see, somebody else in</p> <p>18 there? Myself as secretary-treasurer --</p> <p>19 secretary -- I mean, secretary/general counsel.</p> <p>20 I think that's it.</p> <p>21 Q. And how has that changed over</p> <p>22 time?</p> <p>23 A. Well, at some point in time, Bill</p>	<p>1 Q. Well, I am talking about when I</p> <p>2 asked you why Mr. McCollum was made CEO and</p> <p>3 vaulted over Frank Haney, Jr. as president, you</p> <p>4 said you thought it was because of Frank, Jr.'s</p> <p>5 divorce?</p> <p>6 A. Yes.</p> <p>7 Q. And my question is what about his</p> <p>8 divorce caused that change to be made?</p> <p>9 A. Oh, my impression, this is just my</p> <p>10 impression, was he was in a very bitter divorce</p> <p>11 and his attention was taken away and his time</p> <p>12 was taken away by his divorce issues. Now,</p> <p>13 some of this is -- I use the word divorce by --</p> <p>14 as a colloquial term, because you can have</p> <p>15 being in a divorce situation without having a</p> <p>16 divorce on file. And that was Frank's</p> <p>17 situation. We were negotiating separation</p> <p>18 agreements and stuff like that. So it's -- you</p> <p>19 know, he didn't file like a lot of people that</p> <p>20 divorce until later on, but he was in a</p> <p>21 disputed marital situation.</p> <p>22 Q. And when do you recall this</p> <p>23 disputed marital situation occurring?</p>

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<p style="text-align: right;">Page 33</p> <p>1 A. Oh, boy. I think it was the</p> <p>2 latter part of '17 and the early part of '18.</p> <p>3 I'm pretty sure he got divorced in about March</p> <p>4 or April of '18.</p> <p>5 Q. And from your personal</p> <p>6 observation, was he distracted from his work at</p> <p>7 Nuclear Development by the divorce?</p> <p>8 A. Yes.</p> <p>9 Q. Did you discuss that with Franklin</p> <p>10 Haney?</p> <p>11 A. I --</p> <p>12 MR. O'REAR: Let me object to the</p> <p>13 extent you had an attorney-client communication</p> <p>14 with Mr. Haney.</p> <p>15 A. I think that would involve</p> <p>16 attorney-client communication on the thing,</p> <p>17 but --</p> <p>18 Q. (BY MR. LEMBKE:) Now, the -- at</p> <p>19 what point did you learn that TVA might declare</p> <p>20 Bellefonte to be surplus property?</p> <p>21 A. It was some -- I can't give you</p> <p>22 the dates, but it was somewhere in probably</p> <p>23 2016, I would guess, maybe 2015.</p>	<p style="text-align: right;">Page 35</p> <p>1 the Governor of Alabama at which Franklin Haney</p> <p>2 was in attendance along with representatives of</p> <p>3 TVA and Alabama -- or Southern Company?</p> <p>4 A. Was a representative of Alabama</p> <p>5 Power, but yes, I was.</p> <p>6 Q. When do you recall that meeting</p> <p>7 occurring?</p> <p>8 A. I don't remember, 2015, 2016.</p> <p>9 Q. And how was it that that meeting</p> <p>10 came to be?</p> <p>11 A. I'm not sure.</p> <p>12 Q. What -- did Nuclear Development</p> <p>13 contact the Governor of Alabama to enlist him</p> <p>14 to hold that meeting?</p> <p>15 A. Once again, I'm not sure that</p> <p>16 anybody contacted the Governor himself. We</p> <p>17 were having meetings with various people in the</p> <p>18 administration in Alabama, particularly</p> <p>19 environmental people, et cetera, and we had</p> <p>20 some local attorneys in Alabama who I would</p> <p>21 assume set that meeting up or did something. I</p> <p>22 don't know -- I mean, I didn't set the meeting</p> <p>23 up.</p>
<p style="text-align: right;">Page 34</p> <p>1 Q. And had Nuclear Development been</p> <p>2 urging TVA to declare it to be surplus</p> <p>3 property?</p> <p>4 A. No. We were urging it to do it --</p> <p>5 either sell it to us or to lease it to us. We</p> <p>6 didn't care which. The prior general counsel</p> <p>7 of TVA took the position that they would only</p> <p>8 lease it. The new general counsel, the current</p> <p>9 general counsel, took the position they would</p> <p>10 have to declare it surplus property and sell</p> <p>11 it.</p> <p>12 Q. The current general counsel being</p> <p>13 Ms. Quirk?</p> <p>14 A. Right.</p> <p>15 Q. All right. And is it true that</p> <p>16 Nuclear Development urged TVA to sell it, the</p> <p>17 Bellefonte property to Nuclear Development</p> <p>18 without an auction?</p> <p>19 A. Correct.</p> <p>20 Q. And TVA declined, correct?</p> <p>21 A. Correct.</p> <p>22 Q. All right. And were you involved</p> <p>23 in a meeting -- did you attend a meeting with</p>	<p style="text-align: right;">Page 36</p> <p>1 Q. And who were those local attorneys</p> <p>2 in Alabama?</p> <p>3 A. They are Hand Arendall.</p> <p>4 Q. Who at Hand Arendall?</p> <p>5 A. Roger -- Roger Bates.</p> <p>6 Q. Had you had any prior meetings</p> <p>7 with Governor Bentley of Alabama before the</p> <p>8 meeting with Alabama Power and TVA in</p> <p>9 attendance?</p> <p>10 A. Yes.</p> <p>11 Q. Tell me about the prior meeting.</p> <p>12 A. Well, there may have been more</p> <p>13 than one, I think there was more than one.</p> <p>14 They were in general discussions of what we</p> <p>15 wanted to do and what we needed from the</p> <p>16 governor's office, and part of that was the</p> <p>17 environmental end of the thing.</p> <p>18 Q. Well, tell me what you were asking</p> <p>19 or telling Governor Bentley that you needed</p> <p>20 from his office.</p> <p>21 A. Well, it changed over time, but we</p> <p>22 wanted -- we wanted his support in regard to</p> <p>23 economic development incentives and we wanted</p>

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<p style="text-align: right;">Page 37</p> <p>1 his support in regard to the Clean Power 2 Regulations, the Obama Administration. 3 Q. What do you mean by that? 4 A. Well, the Obama Administration 5 came out with something called the Clean Power 6 Regulations, which was a significant detriment 7 to the use of coal for power and to some extent 8 to the use of natural gas. And obviously this 9 benefitted nuclear. So we met with the 10 governor's economic development coordinator, 11 whatever he was entitled, and also the chief 12 environmental person of the State to secure the 13 backing of the State for support of the clean 14 power plan. 15 Q. And so you were urging the 16 Governor of Alabama to support regulations that 17 would be detrimental to the coal industry? 18 MR. O'REAR: Objection, 19 argumentative. 20 A. Well, let me put it a different 21 way. They would be positive to nuclear energy 22 or any other hundred percent clean. 23 Q. (BY MR. LEMBKE:) And you</p>	<p style="text-align: right;">Page 39</p> <p>1 do you recall him saying during those meetings 2 before the big meeting? 3 A. He was very supportive. 4 Q. Had Franklin Haney been a 5 political contributor to Governor Bentley's 6 campaigns? 7 A. Not originally, I don't -- I don't 8 really know who Franklin contributes to, but I 9 know he made a later contribution before 10 Bentley was impeached or whatever happened to 11 him, but -- because it was part of the 12 proceeding, but I don't really know. I doubt 13 it. 14 Q. All right. So you are saying even 15 though you have represented Mr. Haney for 16 thirty-six years, you don't know who he 17 contributes to politically? 18 A. Well, from time to time I will 19 hear a statement about a political 20 contribution. From time to time I will vet a 21 501(c)(4) or somebody -- or a PAC as to whether 22 they are entitled to take contributions. But 23 even then I rarely know what did he contribute</p>
<p style="text-align: right;">Page 38</p> <p>1 understood that they would also be detrimental 2 to the coal industry? 3 MR. O'REAR: Objection, 4 argumentative. 5 A. Well, they clearly were 6 detrimental, that's why they got repealed by 7 the Trump Administration. But they were 8 clearly detrimental to the coal industry. 9 Q. (BY MR. LEMBKE:) All right. You 10 say there were two meetings that you recall 11 with Governor Bentley before the meeting he 12 attended with Alabama Power and TVA? 13 A. I don't believe I said the number. 14 Q. How many do you recall? 15 A. I -- there had to have been at 16 least two, I don't remember how many. 17 Q. All right. Did you attend both of 18 the two you were -- 19 A. Well, I don't specifically 20 remember the two meetings. I attended 21 virtually all of the meetings that I am aware 22 of in regard to Governor Bentley. 23 Q. All right. And what, if anything,</p>	<p style="text-align: right;">Page 40</p> <p>1 or did he contribute at all. 2 Q. Are you aware if he was a 3 contributor to Governor Bentley's 501(c)(4)? 4 A. I believe he was. 5 Q. Do you know how much he 6 contributed? 7 A. No. 8 Q. Have you told me everything you 9 can remember Governor Bentley saying at those 10 pre-meetings that you attended? 11 A. Pre -- 12 Q. When I say -- before the big 13 meeting. 14 A. Oh, before the big meeting? Yes. 15 General -- all I remember is generalities. 16 Q. Do you remember what Mr. Haney 17 said at those meetings? 18 A. Well, he would have promoted the 19 project. I mean, he would have -- whatever 20 status the project was in, he would have been 21 the guy who led off and opened the meeting as 22 to here is where we are. 23 Q. All right. Now, the meeting that</p>

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<p style="text-align: right;">Page 41</p> <p>1 included Governor Bentley and Alabama Power and</p> <p>2 TVA and you and the other Nuclear Development</p> <p>3 representatives, what do you remember Governor</p> <p>4 Bentley saying at that meeting?</p> <p>5 A. He was very supportive. I don't</p> <p>6 remember any specific statements by him, but he</p> <p>7 was very supportive of the project. He was</p> <p>8 trying to encourage everybody in the room to</p> <p>9 support the project because it was important to</p> <p>10 the economic development of Alabama.</p> <p>11 Q. And do you recall what Alabama</p> <p>12 Power representatives had to say at the</p> <p>13 meeting?</p> <p>14 A. I think there was only one, and he</p> <p>15 came out and said that he did not need the</p> <p>16 power.</p> <p>17 Q. And do you recall if Bill Johnson</p> <p>18 was there for TVA?</p> <p>19 A. I believe Bill was there. Sherry</p> <p>20 was there. I believe Bill was there too.</p> <p>21 Q. All right. What do you recall</p> <p>22 Bill Johnson saying at the meeting?</p> <p>23 A. I thought it was Sherry, but one</p>	<p style="text-align: right;">Page 43</p> <p>1 A. The desire to have the Alabama</p> <p>2 delegation continue to support this project and</p> <p>3 therefore the Governor to appoint a senator who</p> <p>4 was in favor of this also.</p> <p>5 Q. And did Mr. Haney do the talking</p> <p>6 for Nuclear Development at that meeting?</p> <p>7 A. Yeah, I don't think I did any</p> <p>8 talking.</p> <p>9 Q. And was Mr. Haney pushing a</p> <p>10 particular candidate?</p> <p>11 A. No.</p> <p>12 Q. Didn't make any suggestions?</p> <p>13 A. Well, the Governor stated who he</p> <p>14 was considering, and the Governor stated who</p> <p>15 his was, and Mr. Haney supported that.</p> <p>16 Q. And who was that person?</p> <p>17 A. Luther Strange who did become</p> <p>18 Senator. He was the Attorney General at the</p> <p>19 time.</p> <p>20 Q. All right. Do you recall any</p> <p>21 other meetings with Governor Bentley?</p> <p>22 A. Well, Governor Bentley was right</p> <p>23 out of office after that, so there couldn't</p>
<p style="text-align: right;">Page 42</p> <p>1 of the two of them said TVA doesn't need the</p> <p>2 power either. Might have been Bill, because he</p> <p>3 was talking to the governor.</p> <p>4 Q. All right. And do you remember</p> <p>5 what Mr. Haney or anyone for Nuclear</p> <p>6 Development had to say at the meeting?</p> <p>7 A. I just told you in general, and I</p> <p>8 don't remember specifics. I'm sure he promoted</p> <p>9 the number of jobs, the amount of economic</p> <p>10 development. If we were at the time still</p> <p>11 talking about the clean power issues, he</p> <p>12 probably would have promoted this as a hundred</p> <p>13 percent clean power. I just don't remember any</p> <p>14 specific conversations.</p> <p>15 Q. All right. And after that meeting</p> <p>16 do you ever recall another meeting that you</p> <p>17 attended with Governor Bentley about</p> <p>18 Bellefonte?</p> <p>19 A. I attended one more meeting with</p> <p>20 Governor Bentley about Bellefonte, and it was</p> <p>21 about the vacant Senate seat.</p> <p>22 Q. What do you recall being discussed</p> <p>23 at that meeting?</p>	<p style="text-align: right;">Page 44</p> <p>1 have been any other meetings.</p> <p>2 Q. Have you had any meetings with</p> <p>3 Governor Ivey that you have attended about</p> <p>4 Bellefonte?</p> <p>5 A. I possibly had one with Governor</p> <p>6 Ivey, but I am not even sure that's the case.</p> <p>7 Q. Have you -- have you personally</p> <p>8 participated in meetings with members of the</p> <p>9 Alabama congressional delegation about</p> <p>10 Bellefonte?</p> <p>11 A. Yes.</p> <p>12 Q. All right. Who have you met with?</p> <p>13 A. Well, you would have to tell me</p> <p>14 who the delegation is, but Luther Strange as</p> <p>15 Senator was one of them. And we met with -- I</p> <p>16 met with various -- in a good share of the</p> <p>17 case, it wasn't with the delegation members, it</p> <p>18 was with the staff, usually meet with staff.</p> <p>19 Because I am there to provide facts.</p> <p>20 Q. Did you meet with Richard Shelby?</p> <p>21 A. I do not believe I personally met</p> <p>22 with Richard Shelby.</p> <p>23 Q. Do you know if Franklin Haney did?</p>

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<p>1 A. I would assume he did.</p> <p>2 Q. Did you meet with Jeff Sessions?</p> <p>3 A. I don't believe I ever met with</p> <p>4 Jeff Sessions.</p> <p>5 Q. Do you know if Mr. Haney did?</p> <p>6 A. I would assume he did. I don't</p> <p>7 know.</p> <p>8 Q. Do you -- did you ever meet with</p> <p>9 Congressman Aderholt?</p> <p>10 MR. O'REAR: Let me ask you to not</p> <p>11 speculate or --</p> <p>12 A. Yeah, I don't know who Congressman</p> <p>13 Aderholt is, so I don't know.</p> <p>14 Q. (BY MR. LEMBKE:) All right. Did</p> <p>15 you ever meet with Congressman Brooks?</p> <p>16 A. Yes, Mo Brooks, yes.</p> <p>17 Q. And how many times have you met</p> <p>18 with Mo Brooks?</p> <p>19 A. I actually met with him personally</p> <p>20 once.</p> <p>21 Q. And what did you discuss with him?</p> <p>22 A. Discussed the support of Bellmont</p> <p>23 -- Bellefonte.</p>	<p>1 Q. And who provided the lobbying?</p> <p>2 A. Becky Halkias or Bud Cramer or</p> <p>3 Ickes, although I don't think he did much of</p> <p>4 the direct lobbying.</p> <p>5 Q. Who is Mickey Halkias?</p> <p>6 A. Becky.</p> <p>7 Q. Becky. Who is Becky Halkias?</p> <p>8 A. She works for Bud Cramer, FTI I</p> <p>9 think is the name of the firm. Whatever --</p> <p>10 it's a big lobbying firm that Bud Cramer is</p> <p>11 with.</p> <p>12 Q. And that firm is paid thirty-five</p> <p>13 thousand dollars a month every month by Nuclear</p> <p>14 Development, correct?</p> <p>15 A. If I hadn't heard that the other</p> <p>16 day in this very room I wouldn't know that.</p> <p>17 But yes, it has always been paid, like almost</p> <p>18 all lobbyists, a monthly retainer. I suspect</p> <p>19 it was less earlier.</p> <p>20 Q. And what does -- is it Harold</p> <p>21 Ickes?</p> <p>22 A. Harold Ickes.</p> <p>23 Q. And what does Harold Ickes do for</p>
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<p>1 Q. When was that?</p> <p>2 A. Well, he wasn't in office very</p> <p>3 long, so it was not long after he took office.</p> <p>4 I had another meeting with his staff.</p> <p>5 Q. All right. And were there</p> <p>6 specific subjects you were covering?</p> <p>7 A. I was covering the legal aspects</p> <p>8 of Bellefonte and what, you know, we were</p> <p>9 promoting, what it could do for the State of</p> <p>10 Alabama.</p> <p>11 Q. What do you mean by legal aspects</p> <p>12 of Bellefonte?</p> <p>13 A. The structure, the tax credits, et</p> <p>14 cetera, et cetera, et cetera, the budget. Some</p> <p>15 of these are in regard to the Trump</p> <p>16 Administration has proposed to rescind the</p> <p>17 budget of this program every single year, so</p> <p>18 some of these meetings consisted of meetings</p> <p>19 predominantly with staff to say please support</p> <p>20 keeping this budget, it is a good program. And</p> <p>21 I provided the background, not the lobbying,</p> <p>22 but the background or the mechanics of how the</p> <p>23 budget worked.</p>	<p>1 Nuclear Development?</p> <p>2 A. He was also a lobbyist.</p> <p>3 Q. Who was he lobbying?</p> <p>4 A. I assume the same people. I never</p> <p>5 saw him lobby anybody, but I am assuming the</p> <p>6 same people. He was a Democratic lobbyist.</p> <p>7 But Cramer who was a former Republican</p> <p>8 Congressman was the Republican lobbyist. All</p> <p>9 lobbyists lobby all sides.</p> <p>10 Q. All right. Did you ever meet with</p> <p>11 Congressman Rogers, Mike Rogers of Alabama?</p> <p>12 A. Not that I can remember.</p> <p>13 Q. Did you ever meet with either of</p> <p>14 the Tennessee senators or any of the Tennessee</p> <p>15 senators about this project?</p> <p>16 A. Me personally? No.</p> <p>17 Q. Yes. Did you ever meet with any</p> <p>18 senior officials of the Obama Administration</p> <p>19 about this project?</p> <p>20 A. No. I had a couple of</p> <p>21 conversations with I think it was McCarthy,</p> <p>22 whoever it was that was the EPA administrator,</p> <p>23 but those were on the phone and they were in</p>

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<p>1 regard to the clean power plant and our support</p> <p>2 of it.</p> <p>3 Q. What about have you ever attended</p> <p>4 meetings with senior members of the Trump</p> <p>5 Administration about the Bellefonte project?</p> <p>6 A. Well, once again --</p> <p>7 Q. Or spoken to them on the phone?</p> <p>8 A. Once again, it's who is the senior</p> <p>9 member. If you consider the people who work</p> <p>10 for DOE and NRC to be senior members, then I</p> <p>11 guess I have met with senior members. But I</p> <p>12 haven't met with anybody of any power in the</p> <p>13 Trump Administration.</p> <p>14 Q. You have not met with Secretary</p> <p>15 Perry?</p> <p>16 A. No.</p> <p>17 Q. Do you know if Mr. Haney has met</p> <p>18 with Secretary Perry?</p> <p>19 A. I don't know.</p> <p>20 Q. And Nuclear Development hired a</p> <p>21 lobbyist who has particular connections to</p> <p>22 Secretary Perry, correct?</p> <p>23 A. Well, all lobbyists purport to</p>	<p>1 Q. Were you involved in the decision</p> <p>2 by Bellefonte to submit a bid at the auction</p> <p>3 for the sale of the Bellefonte property?</p> <p>4 A. Well, once again, it depends -- I</p> <p>5 hate to say like Bill Clinton, but it depends</p> <p>6 on what you mean by involved. I drafted up the</p> <p>7 bid. I can hardly say that I was a member of</p> <p>8 making the decision to do the bid, but I</p> <p>9 drafted the bid itself, I negotiated the stuff</p> <p>10 with Concentric, et cetera.</p> <p>11 Q. All right. And let me get you to</p> <p>12 look for Exhibit 42 which is in your --</p> <p>13 A. Stack here?</p> <p>14 Q. -- should be in your stack.</p> <p>15 (Whereupon, Exhibit Number 42,</p> <p>16 having been previously marked for</p> <p>17 identification, was referenced in</p> <p>18 this deposition.)</p> <p>19 A. Let's look in this stack here.</p> <p>20 42. Maybe they are in order at the bottom,</p> <p>21 give me a minute --</p> <p>22 MR. O'REAR: It would have been</p> <p>23 the second one that we had in the stack if they</p>
Page 50	Page 52
<p>1 have connections with whoever they are</p> <p>2 lobbying. There were a number of different</p> <p>3 people who were lobbying DOE people, I don't</p> <p>4 know if they really had connections with Perry.</p> <p>5 Q. You know who I am talking about,</p> <p>6 though, don't you?</p> <p>7 A. No. Why don't you tell me?</p> <p>8 Q. Mr. Bailey?</p> <p>9 A. Oh, Mr. Bailey? He was rather</p> <p>10 recently hired, yes.</p> <p>11 Q. And you are aware that he has</p> <p>12 connections to Mr. Perry from Texas, right?</p> <p>13 A. I am aware that Mr. Bailey is from</p> <p>14 Texas and has been a contributor to Mr. Trump.</p> <p>15 I am not aware at all of what connections he</p> <p>16 has to Mr. Trump.</p> <p>17 Q. You mean Mr. Perry?</p> <p>18 A. Oh, Mr. Perry, I'm sorry. I</p> <p>19 thought you were talking -- yeah, he didn't</p> <p>20 contribute to Perry. He contributed to Trump.</p> <p>21 He may have contributed to Perry too. Perry</p> <p>22 was already in the Secretary of DOE position</p> <p>23 when he was hired, so --</p>	<p>1 are in order.</p> <p>2 A. There is a bunch of 37s here too</p> <p>3 -- I think they are in order. Hang on a minute</p> <p>4 here. Here looks like 42. Okay. Yes, it is</p> <p>5 42.</p> <p>6 Q. (BY MR. LEMBKE:) All right.</p> <p>7 Before we look at 42, you are aware that TVA's</p> <p>8 adviser in connection with the auction of the</p> <p>9 Bellefonte site was Concentric, right?</p> <p>10 A. Correct.</p> <p>11 Q. And you dealt primarily with</p> <p>12 Carrie O'Neill at Concentric, correct?</p> <p>13 A. Yes.</p> <p>14 Q. All right. And this 42 is an</p> <p>15 email that you sent to Ms. O'Neill on August</p> <p>16 18th, 2016, correct?</p> <p>17 A. Looks like it.</p> <p>18 Q. And in the numbered paragraph one,</p> <p>19 which I believe is a response to a suggestion</p> <p>20 of confidentiality, right?</p> <p>21 A. Response to a suggestion of --</p> <p>22 Q. About a confidentiality provision.</p> <p>23 Number one begins in Section 3, We deleted C</p>



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Pages 53 to 56

<p style="text-align: right;">Page 53</p> <p>1     barring disclosure of the --</p> <p>2     A.   Oh, you are talking paragraph one.</p> <p>3     I'm sorry, okay.</p> <p>4     Q.   Yes, sir.</p> <p>5     A.   Okay, I'm sorry. I thought you</p> <p>6     were talking Section 1, which is not really in</p> <p>7     here. Okay, paragraph one -- yes?</p> <p>8     Q.   At the end of the third line, you</p> <p>9     say: As part of this process, ND has contacted</p> <p>10    various interested government officials and</p> <p>11    legislators and met with DOE, NRC, IRS, and</p> <p>12    other governmental agencies and customers and</p> <p>13    suppliers of TVA about the feasibility and</p> <p>14    financing of the project. Do you see that?</p> <p>15    A.   I see it.</p> <p>16    Q.   And I guess my question to you is</p> <p>17    other than who we have talked about, what other</p> <p>18    government officials and legislators had</p> <p>19    Nuclear Development contacted as of the time</p> <p>20    you wrote this, that you can recall?</p> <p>21    A.   Well, there were other legislators</p> <p>22    that I don't recall the name of or their staff.</p> <p>23    In most cases I met with staff.</p>	<p style="text-align: right;">Page 55</p> <p>1     dates where we met with people. But I think it</p> <p>2     was after 8/18/16 that we actually met with NRC</p> <p>3     in regard to the specific transfer thing,</p> <p>4     because we were talking about a leasing</p> <p>5     transaction prior to that. But I don't know.</p> <p>6     Q.   Okay. When you say here that met</p> <p>7     with other governmental agencies, other than</p> <p>8     the Alabama state agencies you have referenced</p> <p>9     relating to environment and economic</p> <p>10    development, do you recall other governmental</p> <p>11    agencies that -- and the Office of the Governor</p> <p>12    of course that you talked about -- other</p> <p>13    governmental agencies, state, federal, local,</p> <p>14    that you met with -- or Nuclear Development met</p> <p>15    with as of August 18th, 2016?</p> <p>16    A.   We met with the finance director</p> <p>17    who is a separate officer of the Governor of</p> <p>18    Alabama. I think he's the second most</p> <p>19    powerful. In regard to also legislatures, I</p> <p>20    met with certain state legislatures too. And</p> <p>21    also local community officials, although</p> <p>22    largely meet and greet, people from Huntsville</p> <p>23    and the area around the plant.</p>
<p style="text-align: right;">Page 54</p> <p>1     Q.   All right. So sitting here today,</p> <p>2     you can't recall the name of another government</p> <p>3     official or legislator, is that fair, other</p> <p>4     than what was previously talked about?</p> <p>5     A.   Other than what we previously</p> <p>6     talked about, yeah, I think that's fair.</p> <p>7     Q.   All right. Now, the meetings with</p> <p>8     the DOE pertain to the application or a</p> <p>9     potential application for a loan to Nuclear</p> <p>10    Development?</p> <p>11    A.   Correct.</p> <p>12    Q.   All right. And the meetings with</p> <p>13    the IRS pertain to potential tax credits?</p> <p>14    A.   Tax credits.</p> <p>15    Q.   All right. As of this time,</p> <p>16    August 18th, 2016, other than what you told me</p> <p>17    about your meetings in early, you know -- many</p> <p>18    years before about the continuing validity of</p> <p>19    the permits, what had Nuclear Development</p> <p>20    representatives met with the NRC about as of</p> <p>21    this date?</p> <p>22    A.   I think that was mainly the</p> <p>23    meetings by then, I don't know exactly what the</p>	<p style="text-align: right;">Page 56</p> <p>1     Q.   Any others you can remember?</p> <p>2     A.   Well, as far as government</p> <p>3     agencies, I already related that I talked to</p> <p>4     the EPA --</p> <p>5     Q.   Right.</p> <p>6     A.   -- support of the green power</p> <p>7     raids.</p> <p>8     Q.   Any others?</p> <p>9     A.   Not that I can think of, that's --</p> <p>10    Q.   You also indicate as of August</p> <p>11    18th, 2016 that Nuclear Development has</p> <p>12    contacted customer -- or met with customers of</p> <p>13    TVA about the feasibility in financing the</p> <p>14    project. What were you referring to there?</p> <p>15    A.   Well, I'm sure that Franklin and</p> <p>16    Bud Cramer met with customers.</p> <p>17    Q.   Why are you sure?</p> <p>18    A.   Because I actually in some cases</p> <p>19    supplied information.</p> <p>20    Q.   Do you know what customers they</p> <p>21    met with?</p> <p>22    A.   Not offhand, no, and I don't know</p> <p>23    the times.</p>



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Pages 57 to 60

<p style="text-align: right;">Page 57</p> <p>1 Q. All right. Any other knowledge</p> <p>2 you have or -- or anything else you meant by</p> <p>3 that reference to meetings with customers of</p> <p>4 TVA?</p> <p>5 A. Well, let me just say one more</p> <p>6 thing. TVPPP -- PPA, Tennessee Valley Private</p> <p>7 Power Association, which is an association of</p> <p>8 customers.</p> <p>9 Q. Did you meet with them?</p> <p>10 A. I met with them.</p> <p>11 Q. And what was the nature of that</p> <p>12 meeting?</p> <p>13 A. The meeting I attended was their</p> <p>14 annual meeting, and actually had to do with</p> <p>15 would they like to invest. They were out</p> <p>16 looking for a plant investment at the time.</p> <p>17 Q. All right.</p> <p>18 A. And how to structure that if they</p> <p>19 did.</p> <p>20 Q. Any other customer meetings that</p> <p>21 you can recall that you were referring to when</p> <p>22 you sent this note to Ms. O'Neill?</p> <p>23 A. At this time, no.</p>	<p style="text-align: right;">Page 59</p> <p>1 were after there was already a sale. I met</p> <p>2 with AREVA and I met with Bechtel. And those</p> <p>3 are probably the only two at this time,</p> <p>4 although it's possible that other -- whole</p> <p>5 other list we could have met with sometime</p> <p>6 here.</p> <p>7 Q. All right. Now, let me get you to</p> <p>8 look at Exhibit 43 that has been previously</p> <p>9 marked that should be in your stack.</p> <p>10 (Whereupon, Exhibit Number 43,</p> <p>11 having been previously marked for</p> <p>12 identification, was referenced in</p> <p>13 this deposition.)</p> <p>14 A. Okay.</p> <p>15 Q. All right. This is an email you</p> <p>16 sent to Ms. O'Neill on September 9th, 2016</p> <p>17 attaching Nuclear Development's Indicative Bid</p> <p>18 for the Bellefonte auction, right?</p> <p>19 A. Correct.</p> <p>20 Q. And what is an Indicative Bid, Mr.</p> <p>21 Blust?</p> <p>22 A. It's your intent to bid at an</p> <p>23 auction.</p>
<p style="text-align: right;">Page 58</p> <p>1 Q. All right. And then what</p> <p>2 suppliers of TVA had ND met with that you were</p> <p>3 referring to as of August 18th, 2016 when you</p> <p>4 sent this to Ms. O'Neill?</p> <p>5 A. Well, as Frank Haney said,</p> <p>6 virtually everybody who provided nuclear</p> <p>7 services had done something for TVA. And we</p> <p>8 did a round-robin with virtually every major</p> <p>9 company that provided -- and there aren't that</p> <p>10 many -- who provide nuclear service.</p> <p>11 Q. All right. And had you been</p> <p>12 involved in those meetings?</p> <p>13 A. Some of them I was involved in.</p> <p>14 Most of them I just negotiated an NDA.</p> <p>15 Q. All right. And NDA meaning</p> <p>16 nondisclosure agreement?</p> <p>17 A. Right.</p> <p>18 Q. And which ones do you remember</p> <p>19 being part of the meeting with?</p> <p>20 A. At this time it probably would</p> <p>21 have been Bechtel, assuming we had met with</p> <p>22 Bechtel at this time. Some of these may be</p> <p>23 after this time, because most of those meetings</p>	<p style="text-align: right;">Page 60</p> <p>1 Q. And did you personally prepare</p> <p>2 this or oversee its preparation?</p> <p>3 A. I believe I personally prepared</p> <p>4 this.</p> <p>5 Q. All right. And if you look at</p> <p>6 page six of the Indicative Bid which is Bates</p> <p>7 number 5054 at the bottom --</p> <p>8 A. (Reviewing document.) Okay.</p> <p>9 Q. Under the first paragraph, Closing</p> <p>10 Conditions, and that last sentence of the</p> <p>11 Indicative Bid stated: However, the closing</p> <p>12 itself and payment of the purchase price must,</p> <p>13 in addition to environmental clearance, be</p> <p>14 conditioned on NRC approval of the transfer of</p> <p>15 the existing construction licenses and ND</p> <p>16 receiving a written commitment for financing of</p> <p>17 the completion costs.</p> <p>18 Do you see that?</p> <p>19 A. No. Which paragraph was this in?</p> <p>20 Q. Do you see on page six of the --</p> <p>21 A. Oh, first paragraph. I was</p> <p>22 looking at the last paragraph.</p> <p>23 Q. Yes, sir.</p>

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Pages 61 to 64

<p style="text-align: right;">Page 61</p> <p>1 A. First paragraph, yes.</p> <p>2 Q. So the second sentence --</p> <p>3 A. I see it.</p> <p>4 Q. -- beginning however?</p> <p>5 A. Uh-huh.</p> <p>6 Q. It says: The closing itself and</p> <p>7 payment of the purchase price must, in addition</p> <p>8 to environmental clearance, be conditioned on</p> <p>9 NRC approval of the transfer of the existing</p> <p>10 construction licenses and ND receiving a</p> <p>11 written commitment for financing of the</p> <p>12 completion cost.</p> <p>13 Do you see that?</p> <p>14 A. Sure do.</p> <p>15 Q. And why was it that Nuclear</p> <p>16 Development wanted to condition closing on NRC</p> <p>17 approval of the transfer of the existing</p> <p>18 construction licenses?</p> <p>19 A. Didn't want to take the risk.</p> <p>20 Q. And the same with the financing?</p> <p>21 A. Yes.</p> <p>22 Q. All right. And when you say</p> <p>23 didn't want to take the risk, you mean the risk</p>	<p style="text-align: right;">Page 63</p> <p>1 A. Uh-huh.</p> <p>2 Q. And in it you say: The transfer</p> <p>3 of the license needs to be a condition to</p> <p>4 closing by making approval of transfer a</p> <p>5 required consent in Schedule 6H, right?</p> <p>6 A. That's right.</p> <p>7 Q. And was that again an attempt to</p> <p>8 reduce risk?</p> <p>9 A. Yes.</p> <p>10 Q. All right. Now, let me show you</p> <p>11 what I am going to mark as Exhibit 89.</p> <p>12 (Exhibit Number 89 was marked for</p> <p>13 identification.)</p> <p>14 Q. And this is an email you sent to</p> <p>15 Carrie O'Neill on October 18th, 2016 indicating</p> <p>16 that Nuclear Development was not satisfied with</p> <p>17 the draft of the contract and attaching a</p> <p>18 letter that contained the actual changes that</p> <p>19 Nuclear Development said it required, correct?</p> <p>20 A. Correct.</p> <p>21 Q. And then attached to that email is</p> <p>22 your letter of October 18, 2016 to Ms. O'Neill,</p> <p>23 correct?</p>
<p style="text-align: right;">Page 62</p> <p>1 that the transfer would not be approved?</p> <p>2 A. Hang on. Put it over here? Oh,</p> <p>3 sorry. I'm sorry, I didn't hear your question.</p> <p>4 Q. All right. And when you say</p> <p>5 didn't want to take the risk, you mean the risk</p> <p>6 that the transfer would not be approved?</p> <p>7 A. Correct.</p> <p>8 Q. Now, let me ask you to look at</p> <p>9 what I am going to mark as Exhibit 88.</p> <p>10 (Exhibit Number 88 was marked for</p> <p>11 identification.)</p> <p>12 Q. And in particular I would like you</p> <p>13 to look at the third page of that exhibit.</p> <p>14 There is an email from you to Carrie O'Neill on</p> <p>15 October 2nd, 2016; do you see that?</p> <p>16 A. Yes, I do.</p> <p>17 Q. All right. And this is an email</p> <p>18 where you are conveying Nuclear Development's</p> <p>19 concerns or needs for clarification regarding</p> <p>20 the proposed Purchase and Sale Contract, right?</p> <p>21 A. Yes.</p> <p>22 Q. All right. And if you look under</p> <p>23 A4, you are making a comment about Section 1E.</p>	<p style="text-align: right;">Page 64</p> <p>1 A. I think that was the letter you</p> <p>2 were just talking about a minute ago. There is</p> <p>3 only one letter attached to this.</p> <p>4 Q. Right. I was referring a moment</p> <p>5 ago to the cover email.</p> <p>6 A. Oh, I'm sorry. I thought you were</p> <p>7 referring to the letter.</p> <p>8 Q. All right. Well, the letter, in</p> <p>9 fact, contains the changes to the proposed</p> <p>10 Purchase and Sale Contract that Nuclear</p> <p>11 Development wanted made, correct?</p> <p>12 A. At this time that's right.</p> <p>13 Q. All right. And at the bottom of</p> <p>14 the first page --</p> <p>15 Well, I will just leave it with</p> <p>16 this contained the changes that you were asking</p> <p>17 for as of October 18, correct?</p> <p>18 A. In regard to the draft that we had</p> <p>19 reviewed at that point, that's right.</p> <p>20 Q. Yes.</p> <p>21 A. The drafts changed.</p> <p>22 Q. Okay. Then I want to show you</p> <p>23 what I am going to mark as Exhibit 90.</p>

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Pages 65 to 68

Page 65	Page 67
<p>1 (Exhibit Number 90 was marked for 2 identification.) 3 Q. And this is Ms. O'Neill's letter 4 to you of October 24th, 2016 in response to 5 your October 18 letter, right? 6 A. Correct. 7 Q. All right. In the second 8 paragraph at the end of the second line, Ms. 9 O'Neill says: As you know, TVA and Concentric 10 met with you and representatives of your client 11 Nuclear Development, LLC, including Franklin 12 Haney, on October 4th, 2016. 13 Do you see that? 14 A. Correct. 15 Q. And do you recall attending that 16 meeting? 17 A. Yes. 18 Q. What do you recall being discussed 19 at that meeting? 20 A. What I recall being discussed at 21 that meeting was our need for the changes that 22 we were talking about. 23 Q. All right. And then Ms. --</p>	<p>1 didn't have a problem with those permits. 2 Q. Well, you told me that that 3 meeting had occurred in 2001 or 2002, I 4 thought. 5 A. No, it was later than 2001 or 6 2002. It was probably anywhere from 2002 to 7 2005 is what I think I told you -- 8 Q. All right. 9 A. -- during that area. It's when we 10 checked the permits. 11 Q. All right. And you had a 12 discussion with the NRC at that time about 13 whether they would be open to transferring the 14 permits to a Haney entity? 15 A. Well, the main discussion there 16 was the validity of the permits and whether 17 they were amenable to continuing those permits. 18 And we viewed the lease, a long-term lease, as 19 a transfer. I don't know whether NRC did or 20 not. 21 Q. All right. Well, other than that 22 discussion with the NRC about the permits in 23 the 2002 to --</p>
Page 66	Page 68
<p>1 A. Says here I reported on financing 2 -- they probably asked me some questions about 3 where we were on things. 4 Q. So Ms. O'Neill said you reported 5 on your client's progress in arranging 6 financing to complete the two partially- 7 constructed nuclear reactors on the BLN 8 property and in obtaining the approval of the 9 Nuclear Regulatory Commission, NRC, to transfer 10 TVA's permits to construct the two units. 11 Do you see that? 12 A. See it. 13 Q. And you don't have any quarrel 14 that that's what you reported on at the 15 meeting, right? 16 A. I don't have any quarrel. 17 Q. All right. And do you recall what 18 progress you reported on obtaining the approval 19 of the NRC to transfer TVA's permits to 20 construct the two units? 21 A. It was probably what I related to 22 you about the meeting with the NRC, that the 23 NRC was receptive to transferring those and</p>	<p>1 A. 2005 -- 2 Q. -- '05/'06 range, had you had any 3 conversations before you sent this letter to 4 Ms. O'Neill with the NRC about a potential 5 transfer of the construction permits for 6 Bellefonte? 7 A. It's possible, but I don't 8 remember any. 9 Q. Okay. Then Ms. O'Neill goes on to 10 say: You said that your client needed to be 11 able to show that it was the winner at the 12 public auction before November 23rd, 2016, and 13 that time was needed to complete financing and 14 transfer the permits before your client would 15 fully commit to purchase and invest in the BLN 16 property. 17 Do you see that? 18 A. I see that. 19 Q. Do you have any quarrel with what 20 she said there? 21 A. No, I don't have any quarrel. 22 Q. And then she goes on to say: You 23 estimated that it would take one year to</p>

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Pages 69 to 72

<p style="text-align: right;">Page 69</p> <p>1 complete financing and to obtain NRC approvals</p> <p>2 after the auction, but could take as long as</p> <p>3 two years.</p> <p>4 Do you see that?</p> <p>5 A. I see that.</p> <p>6 Q. And do you have any quarrel with</p> <p>7 her relating what you said on that point?</p> <p>8 A. Well, I'm sure I said the one</p> <p>9 year. I don't remember the two years, but it's</p> <p>10 possible.</p> <p>11 Q. But you don't dispute -- if she</p> <p>12 said you said it, you don't dispute that you</p> <p>13 said it?</p> <p>14 A. Well, I just don't know if I said</p> <p>15 it.</p> <p>16 Q. Okay. Then if we look at the</p> <p>17 bottom paragraph on the first page, she says:</p> <p>18 Accordingly, TVA has informed interested</p> <p>19 entities that it would not accept open-ended</p> <p>20 contingencies that would allow the successful</p> <p>21 bidder to defer investing in the site for an</p> <p>22 unlimited period of time.</p> <p>23 Do you see that?</p>	<p style="text-align: right;">Page 71</p> <p>1 view that as addressing our concern.</p> <p>2 Q. All right.</p> <p>3 A. I believe there is a subsequent</p> <p>4 communication with Concentric that says I</p> <p>5 didn't view that as addressing our concern.</p> <p>6 Q. All right. But you understood</p> <p>7 that's how Concentric --</p> <p>8 A. I understood that's what she was</p> <p>9 saying.</p> <p>10 Q. All right. And then she goes on</p> <p>11 to say: The agreement also would start a</p> <p>12 minimum investment period one year after this</p> <p>13 deferred closing date.</p> <p>14 You see that?</p> <p>15 A. Yep.</p> <p>16 Q. All right. And then on the second</p> <p>17 page where she responds to Nuclear</p> <p>18 Development's specific request, under Section</p> <p>19 I, Licensing Issue, Part B, she says: You</p> <p>20 asked that TVA condition closing on the</p> <p>21 successful bidder obtaining identified</p> <p>22 environmental permits and transfer of the two</p> <p>23 NRC construction permits.</p>
<p style="text-align: right;">Page 70</p> <p>1 A. I see that.</p> <p>2 Q. And then she goes on: After</p> <p>3 Concentric's discussions with multiple</p> <p>4 potential bidders, TVA recognizes that</p> <p>5 providing the successful bidder more time to</p> <p>6 address whatever contingency the bidder may</p> <p>7 encounter could encourage more bids and would</p> <p>8 be reasonable.</p> <p>9 Do you see that?</p> <p>10 A. Yes.</p> <p>11 Q. She then goes on to say: The</p> <p>12 draft agreement was revised to do this by</p> <p>13 deferring closing for two years, at which time</p> <p>14 the full purchase price would have to be paid.</p> <p>15 Do you see that?</p> <p>16 A. See that.</p> <p>17 Q. And so you understood that they</p> <p>18 were accommodating the concern about -- on the</p> <p>19 part of Nuclear Development that it wanted to</p> <p>20 have approval for transfer of the construction</p> <p>21 permits before closing, they addressed that by</p> <p>22 extending the time for closing to two years?</p> <p>23 A. That's what they said. I didn't</p>	<p style="text-align: right;">Page 72</p> <p>1 Do you see that?</p> <p>2 A. Correct.</p> <p>3 Q. She says: Based on your</p> <p>4 statements, the two-year deferred closing</p> <p>5 should be more than sufficient time for your</p> <p>6 client and any other bidder who may be</p> <p>7 interested in a transfer of the permits to</p> <p>8 accomplish this.</p> <p>9 Do you see that?</p> <p>10 A. I see it.</p> <p>11 Q. All right. And ultimately Nuclear</p> <p>12 Development accepted the two-year closing</p> <p>13 period and did not insist on the specific</p> <p>14 closing condition that you were seeking?</p> <p>15 A. Well, we were turned down a second</p> <p>16 time and we gave up, if that's what you mean by</p> <p>17 we accepted. I mean --</p> <p>18 Q. Nuclear Development signed the</p> <p>19 contract --</p> <p>20 A. Correct.</p> <p>21 Q. -- without what you were asking</p> <p>22 for in it?</p> <p>23 A. Right.</p>

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Pages 73 to 76

<p style="text-align: right;">Page 73</p> <p>1 Q. All right. Now, in all of your 2 interactions with TVA, you knew that TVA was 3 represented by its in-house counsel, correct? 4 A. Well, I also knew that TVA had 5 lots of outside counsel that was primarily on 6 litigation, but I knew that they were 7 represented on most internal negotiations by 8 in-house counsel. 9 Q. Well, and you knew in conjunction 10 with -- from the time the sales and purchase 11 agreement was signed by Nuclear Development 12 through November 2018, you knew that TVA's 13 in-house counsel was involved in representing 14 TVA? 15 A. Yeah, I don't know if anybody else 16 was, but I do know Sherry Quirk was -- 17 Q. Okay. 18 A. -- and her people. 19 Q. All right. And you understand as 20 a lawyer that you have certain ethical limits 21 on your ability to communicate with non-lawyers 22 who are represented by lawyers, correct? 23 A. If you have a dispute going, yes.</p>	<p style="text-align: right;">Page 75</p> <p>1 transition for the sale. And he had a 2 committee or group, but I was told talk to 3 Chardos, don't talk to the committee or the 4 group. 5 Q. About those subjects? 6 A. About those subjects, and I did 7 talk about both of those subjects. 8 Q. All right. And who gave you that 9 instruction? 10 A. I don't remember. I think there 11 may even be a written instruction, I just don't 12 remember. 13 Q. All right. Did you -- what would 14 be your best estimate between November of 2016 15 and November of 2018 of the number of 16 conversations -- phone conversations you had 17 with Mr. Chardos? 18 A. Probably hundreds. 19 Q. Hundreds? All right. And how 20 many face-to-face meetings do you recall having 21 with Mr. Chardos? 22 A. Well, I attended some meetings 23 down at the plant which were generally tours of</p>
<p style="text-align: right;">Page 74</p> <p>1 Typically in contract negotiations, you 2 communicate with all kinds of people who are 3 not lawyers. That's the way contracts are 4 normally done. 5 Q. Who is Jim Chardos? 6 A. Jim Chardos was the plant manager 7 at Bellefonte. 8 Q. All right. And did anyone at TVA 9 authorize you to communicate with Mr. Chardos 10 without the participation of counsel? 11 A. Yeah, we got -- we got 12 instructions to contact him because he was the 13 contact person for the transition team. He 14 provided the due diligence -- this is the way 15 most contracts work, I am not saying there is 16 anything different. Typically you have a 17 business person who provides a due diligence 18 rather than an attorney. The attorney would go 19 to a business person and get it and give it to 20 you, that's kind of a waste of expense. And in 21 this particular case, Mr. Chardos was tied with 22 several things: One was get us what we needed 23 for due diligence, another one was to do the</p>	<p style="text-align: right;">Page 76</p> <p>1 either myself and the other people representing 2 Nuclear Development or of other people who were 3 suppliers or potential contractors or whatever 4 else, or our engineering folks. I actually 5 attended as a courtesy mainly the tour by the 6 DOE people of the plant. Mr. Chardos conducted 7 each one of those tours. He is a wonderful 8 tour host. 9 Q. And have you had any 10 communications with Mr. Chardos after November 11 30th, 2018? 12 A. I don't believe so. It's possible 13 he would have called me to confirm that the 14 contract had been terminated, but I don't 15 believe that's true. 16 Q. You don't recall any other 17 communications with him? 18 A. After November 30th? 19 Q. Yes, sir. 20 A. Uh-uh. 21 Q. And if you had received such 22 communication, you would have told him it was 23 not appropriate for you to talk to him?</p>

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<p style="text-align: right;">Page 77</p> <p>1 A. Well, it would depend on what that 2 was. If he -- if he had called me to say did 3 somebody terminate the contract, I probably 4 would have told him yes. I don't think he did 5 that.</p> <p>6 Q. And what is the last interaction 7 you recall having with Mr. Chardos?</p> <p>8 A. Well, he was -- at the end he was 9 calling me virtually every day, because he was 10 arranging contracts with the various people who 11 -- almost all of the services at Bellefonte 12 were provided by contractors, they are not 13 provided by TVA employees. So you had Mr. 14 Chardos and maybe two other employees there or 15 something, I don't know how many, but he was 16 arranging --</p> <p>17 For instance, the security 18 company, we were trying to arrange the exact 19 same services that TVA had with the same 20 people. And he was the guy negotiating -- or 21 at least supervising the negotiations, so he 22 was acutely concerned, where are you? And a 23 lot of his concern was did you get an</p>	<p style="text-align: right;">Page 79</p> <p>1 Q. I am having trouble understanding, 2 Mr. Blust, why a TVA employee was negotiating 3 contracts between third-parties and Nuclear 4 Development.</p> <p>5 A. Because he was tasked by TVA of 6 making sure that you didn't simply have an 7 abandoned nuclear plant the day after the 8 closing. I mean, typically somebody who is on 9 the sale side of a transaction tries to do 10 transition services, and lot of times they will 11 contract to do it themselves. Had TVA been 12 providing these services themselves, I'm 13 assuming we would have had a contract with TVA 14 to provide these services. They were not 15 providing these services themselves.</p> <p>16 Q. So you believed it was within the 17 charge to Mr. Chardos as a TVA employee to be 18 negotiating contracts on behalf of Nuclear 19 Development?</p> <p>20 A. Well, once again, I didn't view 21 him as negotiating contracts on behalf of 22 Nuclear Development. I negotiate -- I believed 23 he was negotiating on behalf of TVA to have an</p>
<p style="text-align: right;">Page 78</p> <p>1 extension? Because he was on the line to have 2 a contract in place if we didn't get an 3 extension. And we were right up against the 4 deadline here, and he was the point man for 5 these contracts.</p> <p>6 Q. So Mr. Chardos was negotiating 7 contracts on behalf of Nuclear Development?</p> <p>8 A. Mr. Chardos or somebody under him. 9 Mr. Chardos was the guy that talked to me about 10 the contracts. Remember, I was supposed to be 11 talking to Mr. Chardos.</p> <p>12 Q. Yes.</p> <p>13 A. And he would call me about -- I 14 remember particularly a -- I think he may have 15 distributed me a copy of the security contract. 16 He needed to have us approve any of the 17 contracts. There was a maintenance contract, a 18 security contract, those are the two main 19 contracts down there. He was trying to be sure 20 that he could contract with those same people 21 who were providing their service so that after 22 the transfer of the property, the exact same 23 services would have been provided.</p>	<p style="text-align: right;">Page 80</p> <p>1 orderly transition of the project and that 2 somebody else tasked him. I never asked him to 3 negotiate any contracts. And I don't know 4 whether he did it or somebody -- there is a 5 transition committee, mostly -- I didn't know 6 who it was. There were some lawyers on it, et 7 cetera, et cetera, and I would suspect that Mr. 8 Chardos didn't himself negotiate these 9 contracts. But he was the guy who I was 10 supposed to be talking to, and I honored that 11 and he honored it.</p> <p>12 Q. All right. Mr. Blust, there came 13 a time when Nuclear Development decided to ask 14 for an extension of the closing date, correct?</p> <p>15 A. Correct.</p> <p>16 Q. And did you ask Mr. Chardos to 17 draft the letter making that request to TVA on 18 behalf of Nuclear Development?</p> <p>19 A. I don't believe I ever asked him 20 to do it. He apparently did it. So I am 21 assuming somebody on the TVA side asked him to 22 do it. I never asked him to do it. I sent an 23 email, I believe, maybe it was a letter, asking</p>



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Pages 81 to 84

<p style="text-align: right;">Page 81</p> <p>1 for the extension. And suddenly popped up a</p> <p>2 draft of -- a very short draft of an extension.</p> <p>3 It looked very professionally done, so my guess</p> <p>4 is some TVA lawyer did it, but I don't know.</p> <p>5 Q. I am not talking about that. I am</p> <p>6 talking about the letter you sent to TVA</p> <p>7 requesting an extension. Was --</p> <p>8 A. I drafted that.</p> <p>9 Q. You drafted that?</p> <p>10 A. Yeah.</p> <p>11 Q. Well, let me show you --</p> <p>12 A. There is another letter, however,</p> <p>13 that actually was a formal extension. You are</p> <p>14 talking about the one that Mr. Chardos sent me.</p> <p>15 I am the one who originally drafted up that we</p> <p>16 would like an extension.</p> <p>17 MR. O'REAR: Just let him ask you</p> <p>18 a question. I am not sure you are responding</p> <p>19 to his question.</p> <p>20 Q. (BY MR. LEMBKE:) Well, let me</p> <p>21 show you what I am going to mark as Exhibit 91.</p> <p>22 (Exhibit Number 91 was marked for</p> <p>23 identification.)</p>	<p style="text-align: right;">Page 83</p> <p>1 Q. And did you contact any TVA</p> <p>2 lawyers with whom you were dealing on a regular</p> <p>3 basis about that?</p> <p>4 A. No. The only comment I had is</p> <p>5 what you see right here (indicating).</p> <p>6 Q. All right. Now, Mr. Blust, you</p> <p>7 are aware that Nuclear Development was pressing</p> <p>8 TVA for an answer --</p> <p>9 A. Yes.</p> <p>10 Q. -- about the six-month extension</p> <p>11 request, correct?</p> <p>12 A. Well, not at this time, but later</p> <p>13 on, yes.</p> <p>14 Q. All right. In early November</p> <p>15 2016, correct?</p> <p>16 A. Even earlier than that, yes.</p> <p>17 Q. Right. And you were dealing with</p> <p>18 TVA lawyers in discussions about where that</p> <p>19 decision stood with regard to that, correct?</p> <p>20 A. Correct.</p> <p>21 Q. All right. Let me show you what I</p> <p>22 am going to mark as Exhibit 92.</p> <p>23 (Exhibit Number 92 was marked for</p>
<p style="text-align: right;">Page 82</p> <p>1 Q. Now, this was produced out of</p> <p>2 Nuclear Development's files.</p> <p>3 A. Correct.</p> <p>4 Q. And at the top it appears as</p> <p>5 though the name of the letter is ND to TVA</p> <p>6 Extension Letter; do you see that?</p> <p>7 A. Right. We also produced a copy of</p> <p>8 that letter.</p> <p>9 Q. What letter is it that Mr. Chardos</p> <p>10 drafted?</p> <p>11 A. Well, once again, I don't know</p> <p>12 that he drafted it. He sent a letter which was</p> <p>13 a formal request on TVA letterhead.</p> <p>14 Q. For what?</p> <p>15 A. For the extension.</p> <p>16 Q. Why would TVA be requesting an</p> <p>17 extension?</p> <p>18 A. At the time, my understanding was</p> <p>19 that TVA people who were dealing with this</p> <p>20 would have liked to have seen an extension.</p> <p>21 Q. All right.</p> <p>22 A. Okay? Now, I don't know, because</p> <p>23 it appeared on my email as a surprise to me.</p>	<p style="text-align: right;">Page 84</p> <p>1 identification.)</p> <p>2 Q. And if you start on the second</p> <p>3 page, it begins with an email from Mr. Chardos</p> <p>4 to you asking did we get any feedback; do you</p> <p>5 see that?</p> <p>6 A. (Reviewing document.) Yes, I do.</p> <p>7 Q. And you responded: TVA has now</p> <p>8 delayed a response to Monday giving the excuse</p> <p>9 that Bill Johnson is in London.</p> <p>10 Do you see that?</p> <p>11 A. I think that is the predicate to</p> <p>12 the one you read above.</p> <p>13 Q. No, I -- the one I am talking</p> <p>14 about is the beginning is the bottom email --</p> <p>15 A. I thought you were asking about</p> <p>16 did we get any feedback.</p> <p>17 Q. It is. And that's -- that's</p> <p>18 November 2nd, 2018 at 3:15 p.m.; do you see</p> <p>19 that?</p> <p>20 A. Well, we didn't get any feedback</p> <p>21 until November 5th.</p> <p>22 Q. No, sir, right -- if you look</p> <p>23 where I am pointing over here, it's right</p>



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Pages 85 to 88

Page 85	Page 87
<p>1 there.</p> <p>2 A. Yeah, that was an email prior to</p> <p>3 the November 5th one. That was November 2nd.</p> <p>4 Q. Right. That was from Jim Chardos</p> <p>5 to you asking did we get any feedback.</p> <p>6 A. No, the one you are talking about</p> <p>7 was from me. It says Larry D. Blust wrote.</p> <p>8 That's the way emails are often copied.</p> <p>9 Q. Right. But if you look below</p> <p>10 that, Mr. Blust, you were responding to Mr.</p> <p>11 Chardos' email asking did we get any feedback</p> <p>12 at 3:15 on November 2nd.</p> <p>13 A. Correct. That was an email</p> <p>14 exactly the same as the one up above earlier.</p> <p>15 Q. Yes.</p> <p>16 A. Okay. That's the one you are</p> <p>17 talking about?</p> <p>18 Q. Yes.</p> <p>19 A. And that was my response.</p> <p>20 Q. All right. Now, you believed it</p> <p>21 was appropriate to be having discussions about</p> <p>22 what was going on with TVA even though your</p> <p>23 primary discussions about the extension -- let</p>	<p>1 questions.</p> <p>2 Q. He had the right to ask you -- a</p> <p>3 TVA employee, non-lawyer, you say had the right</p> <p>4 to ask you a question about what was going on</p> <p>5 in your discussions with TVA lawyers?</p> <p>6 A. These aren't my discussions with</p> <p>7 TVA lawyers. This is what was going on.</p> <p>8 Q. Well, but what was going on you</p> <p>9 were finding out about from discussions with</p> <p>10 TVA lawyers, right?</p> <p>11 A. This is November 2nd. Probably</p> <p>12 right.</p> <p>13 Q. Yeah. All right. Well, let's</p> <p>14 look at the bottom of page one. And you sent</p> <p>15 an email to Mr. Chardos copying no one else on</p> <p>16 November 5th at 5:16 p.m.; do you see that?</p> <p>17 A. Correct.</p> <p>18 Q. And you respond -- or you say to</p> <p>19 him: No, Bill Johnson called Franklin this</p> <p>20 a.m. and said he would get back to him this</p> <p>21 afternoon, but I just talked to Franklin and so</p> <p>22 far that has not happened. I have called</p> <p>23 Sherry and Cliff several times today, but have</p>
Page 86	Page 88
<p>1 me start over.</p> <p>2 Your primary discussions about the</p> <p>3 extension were with TVA lawyers, correct?</p> <p>4 A. Yes, eventually when the TVA</p> <p>5 lawyers were on it, that's right.</p> <p>6 Q. In November 2018, you were talking</p> <p>7 to TVA lawyers about where the extension</p> <p>8 request stood, correct?</p> <p>9 A. I originally kept calling Sherry</p> <p>10 to get it, right.</p> <p>11 Q. All right. And then when Mr.</p> <p>12 Chardos was asking you to know what was going</p> <p>13 on, you believed it was appropriate for you to</p> <p>14 communicate with a TVA employee without copying</p> <p>15 the lawyers?</p> <p>16 A. I can't tell from this whether I</p> <p>17 even copied the lawyers, but regardless of</p> <p>18 whether I -- you don't have the ability to tell</p> <p>19 that from this kind of email. But regardless</p> <p>20 of whether I did or not, yes, I felt it was</p> <p>21 appropriate to share with Mr. Chardos because</p> <p>22 he was doing the transition. He needed to know</p> <p>23 and he certainly had the right to ask me those</p>	<p>1 not gotten a return call.</p> <p>2 Do you see that?</p> <p>3 A. I certainly do.</p> <p>4 Q. And then Mr. Chardos sends you an</p> <p>5 email the next day, the morning at 10:15 a.m.</p> <p>6 saying: Anything today, thanks.</p> <p>7 See that?</p> <p>8 A. Yep, sure do.</p> <p>9 Q. And then at that same day, 11:09</p> <p>10 a.m., you respond: Per Cliff Beach, Bill</p> <p>11 Johnson is meeting with -- and let me stop.</p> <p>12 Cliff Beach is an in-house TVA</p> <p>13 lawyer, correct?</p> <p>14 A. I believe he is in the legal</p> <p>15 department, yes.</p> <p>16 Q. All right. Per Cliff Beach, Bill</p> <p>17 Johnson is meeting with Memphis City Council</p> <p>18 this afternoon and will not make up his mind</p> <p>19 until after that meeting.</p> <p>20 Do you see that?</p> <p>21 A. Uh-huh, sure do.</p> <p>22 Q. And then you say: Also, Cliff</p> <p>23 said somebody called TVA Public Relations</p>

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Pages 89 to 92

<p style="text-align: right;">Page 89</p> <p>1 saying they represented ND and wanted a list of</p> <p>2 employees. Do you know anything about that?</p> <p>3 Do you see that?</p> <p>4 A. Correct.</p> <p>5 Q. So a TVA lawyer has made a</p> <p>6 statement to you and you are asking a</p> <p>7 non-lawyer at TVA to discuss or give</p> <p>8 information about something the TVA lawyer told</p> <p>9 you, is that right?</p> <p>10 A. No.</p> <p>11 Q. How is that not right?</p> <p>12 A. I am -- I am responding to the</p> <p>13 person I am supposed to be responding to on</p> <p>14 transition stuff.</p> <p>15 Q. But you are asking him if he knows</p> <p>16 anything about what a TVA lawyer has told you,</p> <p>17 correct?</p> <p>18 A. Well, in regard to the Public</p> <p>19 Relations inquiry, yeah, because I assumed that</p> <p>20 they would have inquired of the transition</p> <p>21 committee.</p> <p>22 Q. Well, and you believe it was</p> <p>23 appropriate for you to ask a question of a TVA</p>	<p style="text-align: right;">Page 91</p> <p>1 talking about the November 6 email at 11:09</p> <p>2 a.m.; you had clearly talked to Mr. Beach,</p> <p>3 correct?</p> <p>4 MR. O'REAR: Let me object. You</p> <p>5 are just arguing with the witness right now. I</p> <p>6 don't mind you asking him a question about</p> <p>7 this. I think he has answered fully. And you</p> <p>8 are asking the same question over and over in</p> <p>9 an argumentative manner.</p> <p>10 A. I don't even know if that's that</p> <p>11 day, to be honest with you. But yes, I am</p> <p>12 talking about something that Mr. Beach said to</p> <p>13 me. So at some point in time he talked to me,</p> <p>14 could have been prior to that, could have been</p> <p>15 that time.</p> <p>16 Q. (BY MR. LEMBKE:) And you did not</p> <p>17 think it was necessary to copy Mr. Beach on</p> <p>18 your communication to Mr. Chardos?</p> <p>19 A. No.</p> <p>20 Q. Okay. Did you ever have any</p> <p>21 discussion with Mr. Chardos about him working</p> <p>22 at the plant after the closing?</p> <p>23 A. The only discussion I had with Mr.</p>
<p style="text-align: right;">Page 90</p> <p>1 non-lawyer to inquire about something that the</p> <p>2 TVA lawyer told you?</p> <p>3 A. Yes.</p> <p>4 Q. Not -- all right. And then Mr.</p> <p>5 Chardos responded to that. And --</p> <p>6 A. This is what I am telling you. He</p> <p>7 called virtually every day or emailed virtually</p> <p>8 every day.</p> <p>9 Q. Right. But you made the decision</p> <p>10 after talking to Mr. Beach, TVA's lawyer, to</p> <p>11 ask Mr. Chardos a follow-up question about what</p> <p>12 Mr. Beach had told you?</p> <p>13 A. Yes, because I thought that's</p> <p>14 where the knowledge would be.</p> <p>15 Q. And you didn't copy Mr. Beach on</p> <p>16 that?</p> <p>17 A. I had phone calls in to Mr. Beach</p> <p>18 and in to Ms. Quirk and they never returned</p> <p>19 them. So I was trying to get ahold of them, as</p> <p>20 referenced in the bottom of the last email</p> <p>21 there, okay?</p> <p>22 Q. Well, you had obviously -- I am</p> <p>23 not talking about the bottom email. I am</p>	<p style="text-align: right;">Page 92</p> <p>1 Chardos was to tell him about the provision of</p> <p>2 the contract that says we couldn't talk to him</p> <p>3 about work at the plant after closing.</p> <p>4 Q. Well, tell me the circumstances of</p> <p>5 how that came up.</p> <p>6 A. I wanted to be sure nobody talked</p> <p>7 to him.</p> <p>8 Q. When did you tell him that?</p> <p>9 A. I don't know. It was probably</p> <p>10 soon after the contract was negotiated. I</p> <p>11 don't remember. Could have been later.</p> <p>12 Q. What did he say?</p> <p>13 A. He seemed fine. I don't know</p> <p>14 anything specific he said, but he said he</p> <p>15 understood or something like that. I just</p> <p>16 wanted him to make sure that he knew that.</p> <p>17 MR. LEMBKE: Let's take a short</p> <p>18 break.</p> <p>19 THE VIDEOGRAPHER: We are off the</p> <p>20 record at 5:20 p.m.</p> <p>21 (Whereupon, a break was had from</p> <p>22 5:20 p.m. until 5:26 p.m.)</p> <p>23 THE VIDEOGRAPHER: We are back on</p>

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Pages 93 to 94

<p style="text-align: right;">Page 93</p> <p>1 the record at 5:26 p.m.</p> <p>2 MR. LEMBKE: By agreement of</p> <p>3 Counsel, we are going to adjourn the deposition</p> <p>4 until 9 a.m. tomorrow.</p> <p>5 THE VIDEOGRAPHER: We are off the</p> <p>6 record at 5:27 p.m.</p> <p>7</p> <p>8 (Deposition was adjourned at 5:27 p.m.)</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>	
<p style="text-align: right;">Page 94</p> <p>1 CERTIFICATE</p> <p>2</p> <p>3 STATE OF ALABAMA</p> <p>4 JEFFERSON COUNTY</p> <p>5</p> <p>6 I hereby certify that the above</p> <p>7 and foregoing deposition was taken down by me</p> <p>8 in stenotypy, and the questions and answers</p> <p>9 thereto were reduced to typewriting under my</p> <p>10 supervision, and that the foregoing represents</p> <p>11 a true and correct transcript of the deposition</p> <p>12 given by said witness upon said hearing.</p> <p>13 I further certify that I am</p> <p>14 neither of counsel nor of kin to the parties to</p> <p>15 the action, nor am I in anywise interested in</p> <p>16 the result of said cause.</p> <p>17</p> <p>18</p> <p>19</p> <p>20 /s/ Gail B. Pritchett</p> <p>21 COMMISSIONER-NOTARY PUBLIC</p> <p>22 ACCR LICENSE NO. 116, Exp. 9/30/2020</p> <p>23 Transcript Certified On 11/25/2019</p>	

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<p style="text-align: right;">Page 95</p> <p>1 IN THE UNITED STATES DISTRICT COURT NORTHERN 2 DISTRICT OF ALABAMA, NORTHEASTERN DIVISION 3 4 CIVIL ACTION NO. 5:18-CV-01983-LCB 5 6 NUCLEAR DEVELOPMENT, LLC, 7 Plaintiff, 8 vs. 9 TENNESSEE VALLEY AUTHORITY, 10 Defendant. 11 VOLUME II 12 VIDEO DEPOSITION OF LARRY BLUST 13 Bradley Arant Boult Cummings, LLP 14 One Federal Place 15 1819 Fifth Avenue North 16 Birmingham, Alabama 35203 17 November 14, 2019 18 19 REPORTED BY: 20 Gail B. Pritchett 21 Certified Realtime Reporter, 22 Registered Professional 23 Reporter and Notary Public</p>	<p style="text-align: right;">Page 97</p> <p>1 A P P E A R A N C E S (continuing) 2 3 ALSO FOR THE DEFENDANT: 4 Mr. Steven C. Chin 5 Office of the General Counsel 6 Tennessee Valley Authority 7 400 West Summit Hill Drive, WT6 8 Knoxville, Tennessee 37902 9 865.632.3052 10 scchin@tva.gov 11 12 THE VIDEOGRAPHER: 13 Mr. Joey Watson 14 Southeastern Legal Video 15 85 Bagby Drive, Suite 306 16 Birmingham, Alabama 36209 17 205.871.4300 18 southeasternlegalvideo.com 19 20 21 22 23</p>
<p style="text-align: right;">Page 96</p> <p>1 A P P E A R A N C E S 2 3 FOR THE PLAINTIFF: 4 Mr. Caine O'Rear III 5 Attorney at Law 6 Hand Arendall, LLC 7 RSA Tower 8 11 North Water Street 9 Suite 30200 10 Mobile, Alabama 36602 11 251.432.5511 12 corear@handarendall.com 13 14 FOR THE DEFENDANT: 15 Mr. Matthew H. Lembke 16 Attorney at Law 17 Bradley Arant Boult Cummings, LLP 18 One Federal Place 19 1819 Fifth Avenue North 20 Birmingham, Alabama 35203 21 205.251.8000 22 mlembke@bradley.com 23</p>	<p style="text-align: right;">Page 98</p> <p>1 INDEX OF EXAMINATION 2 Page: 3 EXAMINATION BY MR. LEMBKE 100 4 (continuing) 5 6 7 INDEX OF EXHIBITS 8 Page: 9 Exhibit Number 93 - 4/17/17 email 111 10 from F. Akstulewicz to L. Blust, 11 SUBJ: Update on Current Bellefonte 12 Progress, TVABLN5035 13 Exhibit Number 94 - 10/24/18 email 131 14 from L. Blust to S. Quirk, SUBJ: 15 Follow Up, ND4222-4223 16 17 INDEX OF PREVIOUSLY MARKED EXHIBITS 18 Page: 19 Exhibit Number 8 - 8/2017 emails, 113 20 Subj: L44 170331 001 BLN U2, 21 TVABLN 0333-0334 22 Exhibit Number 13 - L. Blust letter 141 23 to TVA requesting 6-month extension</p>

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<p style="text-align: right;">Page 99</p> <p>1 Exhibit Number 17 - 11/9 email from 149</p> <p>2 C. Beach to L. Blust</p> <p>3 Exhibit Number 19 - 11/12/18 email 145</p> <p>4 from L. Blust to C. Beach</p> <p>5 Exhibit Number 23 - 11/28 email 179</p> <p>6 exchange between L. Blust and C.</p> <p>7 Beach</p> <p>8 Exhibit Number 24 - 11/24 letter 184</p> <p>9 from S. Quirk to L. Blust</p> <p>10 Exhibit Number 25 - email 186</p> <p>11 transmitting 11/30 letter from L.</p> <p>12 Blust to S. Quirk</p> <p>13 Exhibit Number 36 - emails between 176</p> <p>14 L. Blust and C. Beach</p> <p>15 Exhibit Number 48 - 12/20/16 email, 116</p> <p>16 Subj: Process to Transfer Bellefonte</p> <p>17 Construction Permit, ND5686-ND5690</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p>	<p style="text-align: right;">Page 101</p> <p>1 Q. One matter. All right. And so</p> <p>2 any time you have spent on the litigation since</p> <p>3 it was filed would be on that one matter,</p> <p>4 correct?</p> <p>5 A. Yes.</p> <p>6 Q. Mr. Blust, you are aware that</p> <p>7 Nuclear Development filed an application for</p> <p>8 transfer of the construction permits for</p> <p>9 Bellefonte with the Nuclear Regulatory</p> <p>10 Commission in November 2018, correct?</p> <p>11 A. November 2018. Yes, I am.</p> <p>12 Q. And what involvement did you have</p> <p>13 in the process leading to the filing of the</p> <p>14 application?</p> <p>15 A. Virtually none.</p> <p>16 Q. Did you ever meet with the Nuclear</p> <p>17 Regulatory Commission about -- at which --</p> <p>18 during which -- let me start over.</p> <p>19 Did you ever attend a meeting with</p> <p>20 any employee or official at the Nuclear</p> <p>21 Regulatory Commission where the subject of an</p> <p>22 application for the transfer of construction</p> <p>23 permits came up?</p>
<p style="text-align: right;">Page 100</p> <p>1 November 14, 2019 9:07 A.M.</p> <p>2</p> <p>3 THE VIDEOGRAPHER: We are on the</p> <p>4 record. This is the continued deposition of</p> <p>5 Larry D. Blust. We are on the record, November</p> <p>6 14th, 2019 at 9:07 a.m.</p> <p>7</p> <p>8 LARRY BLUST,</p> <p>9 having been previously duly sworn, was examined</p> <p>10 and testified further as follows:</p> <p>11</p> <p>12 EXAMINATION BY MR. LEMBKE (continuing):</p> <p>13 Q. Mr. Blust, we are going to resume</p> <p>14 your deposition now after our overnight break.</p> <p>15 When your firm sends statements to</p> <p>16 Nuclear Development, do you have one matter you</p> <p>17 record time on or multiple matters?</p> <p>18 A. Are you talking about for Mr.</p> <p>19 Haney?</p> <p>20 Q. Talking about for Nuclear</p> <p>21 Development.</p> <p>22 A. Oh, for Nuclear Development. We</p> <p>23 have one matter, Nuclear Development.</p>	<p style="text-align: right;">Page 102</p> <p>1 A. Yes.</p> <p>2 Q. All right. What do you recall</p> <p>3 being discussed?</p> <p>4 A. The only times I did that was</p> <p>5 before the application had been filed. It was</p> <p>6 mainly their need for some idea of timing,</p> <p>7 because they wanted our support for a budget.</p> <p>8 They were critically concerned with -- I don't</p> <p>9 know if you know how the NRC works, but they</p> <p>10 were critically concerned with having Congress</p> <p>11 appropriate a reasonable budget so that they</p> <p>12 had the personnel to, in fact, review the</p> <p>13 permit transfer. There is not a lot of</p> <p>14 transfers or permits going on at the NRC so --</p> <p>15 that's the situation.</p> <p>16 Q. Let me go back to my previous</p> <p>17 question and make sure you and I are</p> <p>18 understanding the same one. When I asked if</p> <p>19 you had any involvement in the process, I mean</p> <p>20 the process that included the compiling of the</p> <p>21 information to submit the application. Is your</p> <p>22 answer still the same with that?</p> <p>23 A. I'm assuming it is. Very early on</p>

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<p style="text-align: right;">Page 103</p> <p>1 I may have sent Tim Matthews some history of</p> <p>2 the permits, although I think he got it all off</p> <p>3 of the NRC -- it's all public information. I</p> <p>4 think he got it off of the NRC site.</p> <p>5 Q. Okay.</p> <p>6 A. I had nothing to do with the other</p> <p>7 stuff that was filed with it.</p> <p>8 Q. All right. How many meetings do</p> <p>9 you recall attending with the NRC or any of its</p> <p>10 employees at which the topic of an application</p> <p>11 for the transfer of the construction permits</p> <p>12 was discussed?</p> <p>13 A. I remember two. It's possible</p> <p>14 there might be more, but I think it's just two.</p> <p>15 Q. All right. What do you recall the</p> <p>16 first one being?</p> <p>17 A. The first one was a meeting with</p> <p>18 the staff -- or was it the second one? One of</p> <p>19 the meetings was a meeting with their -- huge</p> <p>20 number of staff people which was to introduce</p> <p>21 us to the staff and the staff to us. They had</p> <p>22 recently changed the personnel and the</p> <p>23 structure of the division on this, so they were</p>	<p style="text-align: right;">Page 105</p> <p>1 The southeast region people had come up for the</p> <p>2 thing. And the other part of it was budget.</p> <p>3 They were interested in timing, because they</p> <p>4 had to develop a budget to be sure they had the</p> <p>5 staff.</p> <p>6 Q. All right. Do you remember</p> <p>7 anything that anyone at that meeting said</p> <p>8 specifically about the issue of transfer of the</p> <p>9 construction permits?</p> <p>10 A. About the issue?</p> <p>11 Q. Yes, sir.</p> <p>12 A. What's the issue?</p> <p>13 Q. Well, about the potential</p> <p>14 application for transfer of the construction</p> <p>15 permits.</p> <p>16 A. As I said, it was mainly timing</p> <p>17 and budget.</p> <p>18 Q. All right.</p> <p>19 A. They advised us on timing. They</p> <p>20 advised us on budget. They asked us about</p> <p>21 timing. They reminded us that we had to pay</p> <p>22 for it, you know, blah, blah, blah. They also</p> <p>23 had to get appropriation from Congress in order</p>
<p style="text-align: right;">Page 104</p> <p>1 introducing new people to new people. And the</p> <p>2 other one I had was with the commissioners. I</p> <p>3 met with three commissioners with all of the</p> <p>4 other people but --</p> <p>5 Q. All right. With regard to the</p> <p>6 first meeting, was that in early 2017?</p> <p>7 A. It would have been 2017. I don't</p> <p>8 remember which was which. I think we met</p> <p>9 with -- we might have met with the staff</p> <p>10 meeting after the meeting of the commissioners.</p> <p>11 It was one of the two.</p> <p>12 Q. All right. Do you recall if</p> <p>13 Victor McCree was in attendance at the meeting</p> <p>14 you attended with the staff?</p> <p>15 A. I believe that's the case. I</p> <p>16 think I was introduced to him at the time.</p> <p>17 Q. And do you recall any specifics of</p> <p>18 what was discussed with regard to transfer of</p> <p>19 construction permits at that meeting with the</p> <p>20 staff?</p> <p>21 A. It was almost a solely</p> <p>22 introductory meeting. The people who would</p> <p>23 have to deal with it were introduced to us.</p>	<p style="text-align: right;">Page 106</p> <p>1 to have the people to be able to do it. And</p> <p>2 they were acutely concerned with Congress</p> <p>3 appropriating enough money. They wanted our</p> <p>4 clients' support in Congress for appropriation</p> <p>5 of the NRC.</p> <p>6 Q. All right. What do you recall</p> <p>7 Nuclear Development saying about timing of the</p> <p>8 filing of the application at the meeting with</p> <p>9 the staff?</p> <p>10 A. Well, at the time that I met with</p> <p>11 the staff, we were on a trajectory of a very</p> <p>12 early timing. Later on we changed that timing,</p> <p>13 as you know. But at that time we were</p> <p>14 projecting a very early timing on the thing,</p> <p>15 which would have occurred in the budget year</p> <p>16 that was about to come up, which I think starts</p> <p>17 October, I believe, in the federal budget year.</p> <p>18 So it would have occurred in that budget year</p> <p>19 that was coming up for '17 -- '17/'18.</p> <p>20 Q. And do you remember anything</p> <p>21 specifically that any member of the NRC staff</p> <p>22 said at that meeting about an application for</p> <p>23 transfer of the construction permits?</p>

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<p style="text-align: right;">Page 107</p> <p>1 A. Well, I don't remember anything</p> <p>2 specific. I mean it was described to us how</p> <p>3 they would process the application. Nothing</p> <p>4 much specific was ever said in any of my</p> <p>5 meetings about this particular construction</p> <p>6 permit transfer.</p> <p>7 Q. Now, you said you also met with</p> <p>8 commissions. How many commissions do you</p> <p>9 recall meeting with?</p> <p>10 A. Three.</p> <p>11 Q. Was that one meeting or three</p> <p>12 meetings?</p> <p>13 A. It was separate meetings with each</p> <p>14 commissioner.</p> <p>15 Q. Do you remember in those meetings</p> <p>16 with the commissioners having any discussion</p> <p>17 about transfer of the construction permits?</p> <p>18 A. Yes, I mean that's what the</p> <p>19 meeting was about with them.</p> <p>20 Q. All right. Well, tell me what was</p> <p>21 discussed at that meeting about transfer of</p> <p>22 the -- those meetings about transfer of the</p> <p>23 construction permits.</p>	<p style="text-align: right;">Page 109</p> <p>1 commissioners about an application for transfer</p> <p>2 of the construction permits?</p> <p>3 A. Would you repeat that? I didn't</p> <p>4 --</p> <p>5 Q. Certainly. Do you remember</p> <p>6 anything specifically that Nuclear Development</p> <p>7 said in the meetings with the commissioners</p> <p>8 about an application for transfer of the</p> <p>9 construction permits?</p> <p>10 A. I don't remember anything</p> <p>11 specifically. I'm sure we described the</p> <p>12 current time schedule we were on, because</p> <p>13 that's what the people we were meeting with</p> <p>14 were interested in hearing.</p> <p>15 Q. Other than the meeting with the</p> <p>16 staff and the meeting with the commissioners</p> <p>17 that you have already told me about, did you</p> <p>18 ever have any other face-to-face meetings with</p> <p>19 Nuclear Regulatory Commission staff?</p> <p>20 A. I don't believe so. It's possible</p> <p>21 that there were two staff meetings, but I only</p> <p>22 remember one.</p> <p>23 Q. And other than the meeting you</p>
<p style="text-align: right;">Page 108</p> <p>1 A. The amount of staff it would take,</p> <p>2 the timing and the need for the budget.</p> <p>3 Q. All right.</p> <p>4 A. The commissioners were acutely</p> <p>5 concerned with their budget not being cut, and</p> <p>6 I think one of them at least told us if we lose</p> <p>7 the staff that we have got -- if it wasn't for</p> <p>8 this permit being processed, we might lose the</p> <p>9 staff that we have got and then we wouldn't</p> <p>10 have staff that are familiar with this process,</p> <p>11 et cetera. So they wanted to retain their</p> <p>12 staff with the congressional budget.</p> <p>13 Q. And at the time you met with the</p> <p>14 commissioners, was Nuclear Development still on</p> <p>15 the fast trajectory for submission of an</p> <p>16 application for transfer of the --</p> <p>17 A. Yes.</p> <p>18 Q. -- construction permits?</p> <p>19 A. Yes. The two meetings I had were</p> <p>20 not that far apart.</p> <p>21 Q. All right. And do you remember</p> <p>22 anything specifically that anyone with Nuclear</p> <p>23 Development said in the meetings with the</p>	<p style="text-align: right;">Page 110</p> <p>1 just told me about with the commissioners, did</p> <p>2 you have any other meeting with NRC</p> <p>3 commissioners --</p> <p>4 A. No.</p> <p>5 Q. -- about Bellefonte?</p> <p>6 A. No.</p> <p>7 Q. Have you had any phone calls with</p> <p>8 members of the NRC staff, say, after the time</p> <p>9 the contract with TVA for purchase of</p> <p>10 Bellefonte was executed through today, any</p> <p>11 other -- or any phone calls with NRC staff or</p> <p>12 commissioners?</p> <p>13 A. It's possible, but I don't</p> <p>14 remember any.</p> <p>15 Q. Did you ever have any discussion</p> <p>16 with Jim Chardos about the application for</p> <p>17 transfer of the construction permits?</p> <p>18 A. About the specific application?</p> <p>19 Q. About anything related to the</p> <p>20 application for transfer of the construction</p> <p>21 permits.</p> <p>22 A. I suppose it's how broad that</p> <p>23 class is. I didn't -- certainly wasn't</p>



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<p>1 primarily discussing with Mr. Chardos the</p> <p>2 application for transfer of the construction</p> <p>3 permits, because he wasn't involved. But he</p> <p>4 was the transition head. So in some ways</p> <p>5 transition has to do with that same -- with</p> <p>6 what you are doing in regard to</p> <p>7 responsibilities for the plant, et cetera, but</p> <p>8 he was not involved in the transfers as far as</p> <p>9 I know, could have been involved with Tim</p> <p>10 Matthews.</p> <p>11 Q. Do you recall ever discussing the</p> <p>12 timing of the filing of the application for</p> <p>13 transfer of the construction permits with Mr.</p> <p>14 Chardos?</p> <p>15 A. No.</p> <p>16 Q. Let me show you what I am going to</p> <p>17 mark as Exhibit 93.</p> <p>18 (Exhibit Number 93 was marked for</p> <p>19 identification.)</p> <p>20 Q. This is an email to you from Mr.</p> <p>21 Akstulewicz of the Nuclear Regulatory</p> <p>22 Commission on April 17, 2017, right?</p> <p>23 A. Looks like it, yeah.</p>	<p>1 A. No.</p> <p>2 (Whereupon, Exhibit Number 8,</p> <p>3 having been previously marked for</p> <p>4 identification, was referenced in</p> <p>5 this deposition.)</p> <p>6 Q. Let me show you what has been</p> <p>7 previously marked as Exhibit 8.</p> <p>8 A. (Reviewing document.)</p> <p>9 Q. And, Mr. Blust, at the bottom of</p> <p>10 page one of Exhibit 8 is an email from you to</p> <p>11 Jim Chardos, Scott Vance, Chris Chandler and</p> <p>12 Aaron Nix of TVA dated August 29, 2017,</p> <p>13 correct?</p> <p>14 A. Is there another page?</p> <p>15 Q. The bottom of page one is that</p> <p>16 email I'm referring --</p> <p>17 A. No, that's an email from Carla</p> <p>18 Edmondson to Jim Chardos, on the copy I have</p> <p>19 got.</p> <p>20 Q. No, at the bottom of page one of</p> <p>21 Exhibit 8.</p> <p>22 A. Oh, page one, okay. I'm sorry.</p> <p>23 Yes.</p>
Page 112	Page 114
<p>1 Q. And in it he said: It's been a</p> <p>2 couple of months since we spoke. Any insights</p> <p>3 into progress on licensing activities for the</p> <p>4 license transfers? Do you see that?</p> <p>5 A. Yep.</p> <p>6 Q. And then he says: Especially</p> <p>7 timelines for getting that in place. Do you</p> <p>8 see that?</p> <p>9 A. Yes.</p> <p>10 Q. Do you recall if you responded to</p> <p>11 this email?</p> <p>12 A. I may have. I may have. I would</p> <p>13 have also kicked this over to Tim Matthews.</p> <p>14 Q. Okay. So sitting here today, you</p> <p>15 don't recall any specific response to this?</p> <p>16 A. I don't recall one. It wouldn't</p> <p>17 surprise me if I made some response.</p> <p>18 Q. All right. Did you ever have a</p> <p>19 discussion with any staff member of the NRC or</p> <p>20 NRC commissioner about whether the transfer of</p> <p>21 the construction permits needed to be approved</p> <p>22 prior to the time of the closing on the sale of</p> <p>23 the Bellefonte site?</p>	<p>1 Q. That's an email from you to --</p> <p>2 A. Correct.</p> <p>3 Q. -- Chardos, Vance, Chandler and</p> <p>4 Nix of TVA, correct?</p> <p>5 A. Correct.</p> <p>6 Q. And in it you are discussing a</p> <p>7 potential letter that Nuclear Development was</p> <p>8 wanting sent relating to the expiration date</p> <p>9 for the Unit 2 construction permit, correct?</p> <p>10 A. I believe. I was reading it as</p> <p>11 you asked that question before, but yes.</p> <p>12 Q. All right. And then on August</p> <p>13 31st at the top of page one of Exhibit 8, Scott</p> <p>14 Vance responded to your email saying: TVA will</p> <p>15 not send a subsequent extension letter as</p> <p>16 requested. Do you see that?</p> <p>17 A. Correct.</p> <p>18 Q. And then it says: If you have</p> <p>19 questions or concerns about this decision,</p> <p>20 please raise them above my level. Do you see</p> <p>21 that?</p> <p>22 A. I do. I remember that.</p> <p>23 Q. Did you ever raise concerns about</p>

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<p>1 that decision above Mr. Vance's level?</p> <p>2 A. I'm not even sure that I knew at</p> <p>3 the time what Mr. Vance's level was. But the</p> <p>4 answer is basically no, I probably discussed</p> <p>5 this with Chandler at some time or other, who</p> <p>6 is not in that department and above -- might be</p> <p>7 above his level, I don't know. He's in the</p> <p>8 Office of General Counsel, isn't he?</p> <p>9 Q. Mr. Blust, I am going to ask the</p> <p>10 question.</p> <p>11 A. Okay. Okay. I don't know.</p> <p>12 Q. Well, you said you probably</p> <p>13 discussed it with Chris Chandler. Do you have</p> <p>14 a specific recollection of discussing it --</p> <p>15 A. No.</p> <p>16 Q. -- with Chris Chandler?</p> <p>17 A. No. Either Mr. Matthews or I</p> <p>18 would have discussed it with Chris Chandler,</p> <p>19 and I don't remember which, it could have been</p> <p>20 together.</p> <p>21 Q. But you don't have any memory of</p> <p>22 being involved in such a discussion?</p> <p>23 A. No. I could find out if I was</p>	<p>1 Q. -- right?</p> <p>2 A. Right.</p> <p>3 Q. Did you read it when it came in?</p> <p>4 A. I'm not sure I read it exactly</p> <p>5 when it came in, but I read it.</p> <p>6 Q. All right. After you read it, did</p> <p>7 you raise any comments or concerns with anyone</p> <p>8 about it?</p> <p>9 A. Only the concern of why were they</p> <p>10 even writing this. So far as I knew, we had</p> <p>11 never asked them to write a White Paper on</p> <p>12 this, and I didn't have any great respect for</p> <p>13 them as regulatory people but --</p> <p>14 Q. But in terms of the substance</p> <p>15 contained in the so-called white paper, you</p> <p>16 didn't raise any comment or concern --</p> <p>17 A. I don't think I --</p> <p>18 Q. Mr. Blust, it will be easier on</p> <p>19 the court reporter if you let me finish my</p> <p>20 question --</p> <p>21 A. Oh, I'm sorry. I thought you were</p> <p>22 done.</p> <p>23 Q. -- before you start talking.</p>
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<p>1 involved in the discussion, but I don't have a</p> <p>2 memory currently.</p> <p>3 (Whereupon, Exhibit Number 48,</p> <p>4 having been previously marked for</p> <p>5 identification, was referenced in</p> <p>6 this deposition.)</p> <p>7 Q. All right. If you will pull out</p> <p>8 of your stack what has previously been marked</p> <p>9 as Exhibit 48.</p> <p>10 A. 48. Okay. There is already an</p> <p>11 Exhibit 8 in my stack so -- I guess I put it</p> <p>12 twice but -- 48.</p> <p>13 Q. 48. This is an email from Mr.</p> <p>14 Mignogna of AREVA on December 20th, 2016 to</p> <p>15 Franklin Haney, Sr. with you receiving a copy,</p> <p>16 correct?</p> <p>17 A. Let me look. Oh, yeah, I'm the</p> <p>18 last one on the copy, yeah.</p> <p>19 Q. And this is where Mr. Mignogna</p> <p>20 transmitted a White Paper relating to transfer</p> <p>21 of the Bellefonte construction permit from TVA</p> <p>22 to Nuclear Development --</p> <p>23 A. Correct.</p>	<p>1 So the question was, do you recall</p> <p>2 after reading this so-called white paper, did</p> <p>3 you raise any comment, question or concern with</p> <p>4 anyone about what was in it?</p> <p>5 A. I don't think I did, because I</p> <p>6 thought it was a nullity but --</p> <p>7 Q. What do you mean you thought it</p> <p>8 was a nullity?</p> <p>9 A. Nobody was asking, to my</p> <p>10 knowledge, these people to do the regulatory</p> <p>11 work.</p> <p>12 Q. Do you know one way or the other</p> <p>13 if Franklin Haney requested the white paper</p> <p>14 from them?</p> <p>15 A. I don't know. I doubt it.</p> <p>16 Q. Did you ever discuss that issue</p> <p>17 with him, whether he had requested it?</p> <p>18 A. I might have, I don't remember.</p> <p>19 Q. Mr. Blust, other than the</p> <p>20 application for a DOE loan, are there any other</p> <p>21 efforts to obtain funding that have gone on in</p> <p>22 the last two years for Nuclear Development?</p> <p>23 A. Last two years. That would be</p>

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<p>1 since the contract was signed or --</p> <p>2 Q. I will go ahead and say since the</p> <p>3 contract was signed, which is three years.</p> <p>4 A. Okay. I'm sure there have been.</p> <p>5 Q. Well, what do you recall them</p> <p>6 being?</p> <p>7 A. Well, there was an effort to see</p> <p>8 if Credit Suisse would raise securitized</p> <p>9 subordinate debt with this.</p> <p>10 Q. What was the outcome of that?</p> <p>11 A. It just sort of dropped by the</p> <p>12 wayside. I think that their feeling was it was</p> <p>13 premature to discuss that.</p> <p>14 Q. All right. Other than Credit</p> <p>15 Suisse and the DOE, any other effort since the</p> <p>16 contract was signed in November 2016 to obtain</p> <p>17 financing?</p> <p>18 A. There were various efforts to find</p> <p>19 like private equity funds.</p> <p>20 Q. Were any of those successful?</p> <p>21 A. I wasn't really involved with</p> <p>22 those, but I assume that they were not or I</p> <p>23 would have heard about them.</p>	<p>1 that.</p> <p>2 A. Well, the Haney family provided</p> <p>3 equity here to ND, lots of equity. I mean --</p> <p>4 are you asking me about that?</p> <p>5 Q. No.</p> <p>6 A. Okay.</p> <p>7 Q. Anything else?</p> <p>8 A. Not that I remember.</p> <p>9 Q. All right. What involvement had</p> <p>10 you had in the process to attempt to obtain a</p> <p>11 DOE loan?</p> <p>12 A. Well, I am the designated</p> <p>13 representative to put the -- there is a</p> <p>14 specific process you have to do the filings</p> <p>15 with. And I am the one who has the access to</p> <p>16 the portal and puts the filings in. I have</p> <p>17 also been at numerous meetings with the DOE</p> <p>18 people to discuss various issues. So I am, I</p> <p>19 guess, sort of a point person on the financing,</p> <p>20 if you want to call it that.</p> <p>21 Q. What issues do you recall</p> <p>22 discussing with the DOE?</p> <p>23 A. There is lots of these, but</p>
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<p>1 Q. Who was involved with those?</p> <p>2 A. Primarily Franklin Haney.</p> <p>3 Q. All right. Other than --</p> <p>4 A. Frank may have been too, I don't</p> <p>5 know.</p> <p>6 Q. Other than efforts to find private</p> <p>7 equity funds, outreach to Credit Suisse and the</p> <p>8 DOE application, any other efforts to obtain</p> <p>9 financing since November 2016 that you can</p> <p>10 recall?</p> <p>11 A. By financing do you mean equity</p> <p>12 and debt?</p> <p>13 Q. Yes, sir.</p> <p>14 A. I suspect there were some</p> <p>15 proposals to joint venture to equity, I wasn't</p> <p>16 involved with them.</p> <p>17 Q. All right. Anything else along</p> <p>18 those lines that you can recall, meaning</p> <p>19 efforts to obtain financing debt or equity</p> <p>20 since November 2016?</p> <p>21 A. And you are not including the</p> <p>22 Haney family?</p> <p>23 Q. Well, tell me what you mean by</p>	<p>1 requirements for a conditional commitment,</p> <p>2 including the changes in the regs that were</p> <p>3 made, the one-step versus two-step licensing,</p> <p>4 equity structures, debt structures. I also led</p> <p>5 the first tour at the plant by the lower</p> <p>6 ranking bureaucrats from the DOE, I sort of</p> <p>7 hosted along with Jim Chardos. Got to be ton</p> <p>8 more of issues. Whatever came up in regard to</p> <p>9 -- was like a legal issue, I dealt with.</p> <p>10 Q. Did you ever have discussions with</p> <p>11 DOE about the status of the closing?</p> <p>12 A. I hesitate to say, because I don't</p> <p>13 know what the meaning of status is. You need</p> <p>14 to clarify that a little bit.</p> <p>15 Q. All right. Did you ever have</p> <p>16 discussions with DOE about whether the closing</p> <p>17 was going to occur as scheduled in November</p> <p>18 2018?</p> <p>19 A. Whether it was going to occur in</p> <p>20 November '18?</p> <p>21 Q. Yes.</p> <p>22 A. Well, I gave them a copy of the</p> <p>23 contract that says November 14, '18. Up until</p>

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<p style="text-align: right;">Page 123</p> <p>1 a couple days before November 30th, I was under  2 the assumption it was going to close in  3 November '18, so I didn't have any discussions  4 with them then. They were aware of the  5 lawsuit, et cetera.</p> <p>6 Q. Have you had discussions with them  7 about the lawsuit?</p> <p>8 A. Only that we had filed it. They  9 picked it up from the Press, just like  10 everybody else.</p> <p>11 Q. When you said you discussed  12 one-step versus two-step licensing with them,  13 what did you mean?</p> <p>14 A. Well, there's two types of  15 licensing for nuclear plants. One is called  16 one-step, one is called two-step. One was in  17 Part 50 of the regulations and the other one  18 was in Part 52.</p> <p>19 Part 52 was an overlay. There was  20 a feeling that licensing was taking too long.  21 And so they amended the licensing rules to try  22 to speed it up. Doesn't seem to have that  23 result but, in fact, that was the idea. So you</p>	<p style="text-align: right;">Page 125</p> <p>1 only one-step licensing out there, we used  2 those as a good example of this is neither  3 quicker, cheaper or more certain. The risks  4 are the same -- or reasonably, the same idea of  5 risk.</p> <p>6 Q. Other than the meeting you  7 attended with the Governor of Alabama that you  8 mentioned yesterday, when is the first time you  9 recall meeting with Bill Johnson concerning any  10 issue involving Bellefonte?</p> <p>11 A. I don't recall.</p> <p>12 Q. Well, sitting here today, other  13 than the meeting that you attended with the  14 Governor of Alabama at which Bill Johnson was  15 in attendance, what other meetings do you  16 remember having that pertained to Bellefonte at  17 which Mr. Johnson was in attendance?</p> <p>18 A. I remember the meeting with Mr.  19 Johnson on the 23rd of October.</p> <p>20 Q. 2018?</p> <p>21 A. 2018.</p> <p>22 Q. All right.</p> <p>23 A. It wouldn't -- it wouldn't</p>
<p style="text-align: right;">Page 124</p> <p>1 could get a single license, it's called a COL,  2 combined operating license, combined  3 construction and operating license.</p> <p>4 Part 50 is what this plant is  5 under, and it provided for a construction  6 license, which is a construction permit. And  7 then later on you got the operating license.  8 Those are two different processes and two  9 different regulations. And there was a feeling  10 by the NRC -- the DOE that one-step licensing  11 was less risky than two-step. And we rebutted  12 that.</p> <p>13 Q. And what was the argument in  14 rebuttal?</p> <p>15 A. The argument in rebuttal is as it  16 turned out practically, the same risks are  17 there. Because the fact that they give you an  18 operating license up front, you have to meet a  19 whole bunch of requirements to ever use that  20 license. And those requirements are virtually  21 the same as to turn your construction permit  22 into an operating license. And we used the  23 Vogtle plant and Summer plant which are the</p>	<p style="text-align: right;">Page 126</p> <p>1 surprise me if Mr. Johnson was at some other  2 meetings, but he wouldn't have been the primary  3 person there, even though he's important,  4 obviously. I don't remember any.</p> <p>5 Q. All right. So sitting here today,  6 the only meetings about Bellefonte that you can  7 recall having with Bill Johnson were the one  8 with the Governor of Alabama and then the one  9 on October 23rd, 2018?</p> <p>10 A. Correct.</p> <p>11 Q. All right. Tell me what you  12 recall about the meeting that occurred on  13 October 23rd, 2018.</p> <p>14 A. Well, that meeting was scheduled  15 by Sherry Quirk at our request, and it was a  16 meeting to determine what was going to happen  17 to our request for an extension. We had -- as  18 you asked yesterday, we had a request for  19 extension like in August, sometime like that,  20 we had been trying to get an answer. And she  21 called up the day after Bill McCollum's trip to  22 Memphis that Mr. Johnson complained about about  23 this meeting -- at this meeting and scheduled</p>

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<p>1 that meeting.</p> <p>2 Q. All right. What do you recall</p> <p>3 being said by Mr. Johnson at that meeting?</p> <p>4 A. Mr. Johnson talked about how</p> <p>5 unhappy he was about Mr. McCollum's comments to</p> <p>6 the City of Memphis in regard to leaving TVA.</p> <p>7 Mr. Johnson actually said, you know, I always</p> <p>8 assumed that there would be competition here</p> <p>9 and I realize that, in fact, you could compete</p> <p>10 with us in regard to some of our customers.</p> <p>11 But I never really understood that you would</p> <p>12 talk to people about leaving TVA even though</p> <p>13 they wouldn't be going to Bellefonte. And Mr.</p> <p>14 McCollum made a proposal that had nothing to do</p> <p>15 with Bellefonte by saying leave for me. So</p> <p>16 that wasn't my understanding or what his</p> <p>17 understanding was in regard to what Mr.</p> <p>18 McCollum was proposing, but regardless of that,</p> <p>19 that was Johnson's statement.</p> <p>20 Q. All right. What else, if</p> <p>21 anything, do you recall Mr. Johnson saying</p> <p>22 during that meeting?</p> <p>23 A. Well, we discussed a proposal by</p>	<p>1 any response on the terms.</p> <p>2 Q. Who told you that?</p> <p>3 A. I think it was Sherry -- it was</p> <p>4 either Beach or Quick -- Quirk.</p> <p>5 Q. Now, that proposal was unrelated</p> <p>6 to the extension request, right?</p> <p>7 A. No, it was related to the</p> <p>8 extension request.</p> <p>9 Q. How?</p> <p>10 A. It was made by saying give us an</p> <p>11 extension request, we are going to participate</p> <p>12 with you in regard to this. It wasn't</p> <p>13 unrelated at all. It was related to the</p> <p>14 extension request.</p> <p>15 Q. And was there any reason stated --</p> <p>16 well, what do you remember -- do you remember</p> <p>17 Ms. Quirk saying anything at that meeting?</p> <p>18 A. Do I remember anything -- I'm sure</p> <p>19 she said things, I don't remember much of any</p> <p>20 specifics she said.</p> <p>21 Q. Okay.</p> <p>22 A. Mr. Johnson was the main person</p> <p>23 who talked at that meeting.</p>
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<p>1 Franklin Haney, and Franklin explained that</p> <p>2 proposal, I probably explained a little bit of</p> <p>3 that proposal. Mr. Johnson said he would</p> <p>4 consider that proposal.</p> <p>5 Q. What was the proposal?</p> <p>6 A. The proposal -- you should have in</p> <p>7 your documents a written version of that</p> <p>8 proposal which I, in fact, dictated on the</p> <p>9 plane on the way back from that meeting and</p> <p>10 sent the next day. But the proposal, in</p> <p>11 essence, was to -- was to share with TVA any</p> <p>12 revenue from sale to -- of power to Memphis</p> <p>13 from Bellefonte and in essence to joint venture</p> <p>14 with TVA and to, you know, have TVA in some</p> <p>15 ways as a partner of ND in regard to that. A</p> <p>16 written copy of that is in a -- what's</p> <p>17 disclosed, I'm sure, here.</p> <p>18 Q. And what was TVA's response to</p> <p>19 that proposal?</p> <p>20 A. Ultimately they didn't accept that</p> <p>21 proposal. I didn't really get a formal</p> <p>22 response of proposal. I was told they weren't</p> <p>23 going to go with that proposal, but I never got</p>	<p>1 Q. Other than what you have told me</p> <p>2 about what Mr. Johnson said about Memphis and</p> <p>3 Mr. McCollum's statements as he understood them</p> <p>4 in Memphis, what else do you recall being said</p> <p>5 by Mr. Johnson, if anything, at that meeting?</p> <p>6 A. Well, that's pretty much it. He</p> <p>7 did a fairly long -- it wasn't as short a</p> <p>8 statement as what I just described it as. It</p> <p>9 was a fairly long diatribe in regard to what</p> <p>10 Bill McCollum said.</p> <p>11 Q. All right. Other than the</p> <p>12 proposal that was presented about TVA</p> <p>13 essentially becoming a joint venturer with</p> <p>14 Nuclear Development as to Bellefonte, what else</p> <p>15 do you recall you or Mr. Haney saying at the</p> <p>16 meeting?</p> <p>17 A. I'm sure Mr. Haney emphasized the</p> <p>18 advantages to the region of activating</p> <p>19 Bellefonte.</p> <p>20 Q. Anything else you remember?</p> <p>21 A. No, I don't remember much of</p> <p>22 anything.</p> <p>23 Q. Other than you and Mr. Haney, was</p>

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<p style="text-align: right;">Page 131</p> <p>1 anyone else there for Nuclear Development?</p> <p>2 A. No.</p> <p>3 Q. Other than Ms. Quirk and Mr.</p> <p>4 Johnson, was anyone else in the room for TVA?</p> <p>5 A. No.</p> <p>6 Q. Let me show you what I am going to</p> <p>7 mark as Exhibit 94.</p> <p>8 (Exhibit Number 94 was marked for</p> <p>9 identification.)</p> <p>10 A. (Reviewing document.)</p> <p>11 Q. Is this the follow-up email you</p> <p>12 were talking about a moment ago that you sent</p> <p>13 after the October 23rd meeting?</p> <p>14 A. Yes.</p> <p>15 Q. And page two is the list of</p> <p>16 so-called talking points as the -- followed up</p> <p>17 on what was said at the meeting, correct?</p> <p>18 A. Yes.</p> <p>19 Q. And why had Nuclear Development</p> <p>20 not presented this sort of joint venture</p> <p>21 proposal to TVA prior to this time?</p> <p>22 A. Well, I believe Mr. Haney</p> <p>23 discussed this proposal prior to the meeting,</p>	<p style="text-align: right;">Page 133</p> <p>1 arrangement for transmission delivery before we</p> <p>2 even entered into a bid. We had discussed the</p> <p>3 partial requirements contract with TVA. So</p> <p>4 those three things had been on the table for a</p> <p>5 long time.</p> <p>6 The new one -- and you will notice</p> <p>7 that the extension is part of this proposal.</p> <p>8 The new one is number four.</p> <p>9 Q. All right. And had TVA ever</p> <p>10 suggested any interest prior to this time in a</p> <p>11 partial requirements contract between Memphis</p> <p>12 and TVA with Nuclear Development providing base</p> <p>13 power to the extent generated by Bellefonte</p> <p>14 Unit 1?</p> <p>15 A. I would not necessarily know if</p> <p>16 they had or not. I don't know of any interest</p> <p>17 that they had.</p> <p>18 Q. All right. And even though it had</p> <p>19 been raised previously, had TVA ever indicated</p> <p>20 any interest in making its transmission system</p> <p>21 available to Nuclear Development?</p> <p>22 A. Yes.</p> <p>23 Q. When was that?</p>
<p style="text-align: right;">Page 132</p> <p>1 but it would have been right before the</p> <p>2 meeting, I assume.</p> <p>3 Q. With who?</p> <p>4 A. With Mr. Johnson.</p> <p>5 Q. Okay.</p> <p>6 A. There were several conversations</p> <p>7 that I was not on between Mr. Haney and Mr.</p> <p>8 Johnson.</p> <p>9 Q. But you don't know the precise</p> <p>10 content of those communications?</p> <p>11 A. No.</p> <p>12 Q. Okay. Was there any discussion --</p> <p>13 well, strike that.</p> <p>14 You have told me everything you</p> <p>15 can remember specifically about the discussion</p> <p>16 that occurred at the October 23rd, 2018</p> <p>17 meeting, correct?</p> <p>18 A. Correct. I should say one thing.</p> <p>19 Several of these points would have been</p> <p>20 discussed for better over a year with TVA, such</p> <p>21 as the third point, becoming the operator. We</p> <p>22 had proposed originally that TVA become the</p> <p>23 operator of the plant. We have discussed the</p>	<p style="text-align: right;">Page 134</p> <p>1 A. When we were negotiating the</p> <p>2 contracts -- I am talking about now the</p> <p>3 contract to acquire the plant --</p> <p>4 Q. Right.</p> <p>5 A. -- which would have been in 2016.</p> <p>6 When we were negotiating the contract to</p> <p>7 acquire the plant, I had asked to include in</p> <p>8 the contract a transmission agreement. What I</p> <p>9 was told by somebody at TVA or Concentric, may</p> <p>10 have been relayed to me by Concentric, I think</p> <p>11 it was at TVA, but I was told that it was</p> <p>12 premature for two reasons: One, because when</p> <p>13 you are going to do a transmission request,</p> <p>14 there is a need for -- I think Mr. McCollum</p> <p>15 described this the other day -- there is a need</p> <p>16 for a transmission study to determine what</p> <p>17 additional costs there would be; like do you</p> <p>18 have to upgrade any lines, do you have to</p> <p>19 provide interconnections that aren't there, et</p> <p>20 cetera, et cetera.</p> <p>21 And TVA said it's too early to</p> <p>22 make that study, because your plants aren't</p> <p>23 going to be completed for a number of years</p>



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<p style="text-align: right;">Page 135</p> <p>1 here and the whole thing could change. So we</p> <p>2 don't know what the load would be at that time</p> <p>3 so -- on the study. And they also said and you</p> <p>4 should be applying then for the transmission at</p> <p>5 that time, not now, because of the fact that</p> <p>6 it's premature. We don't know what other power</p> <p>7 we are going to be carrying. We don't know</p> <p>8 whether you need to put up another pole and</p> <p>9 wires, we don't know anything about that. But</p> <p>10 they indicated perfectly willing to provide the</p> <p>11 transmission.</p> <p>12 Q. Well, who made that -- gave that</p> <p>13 indication?</p> <p>14 A. I don't remember whether it was</p> <p>15 Concentric relaying it or whether it was</p> <p>16 directly from -- it may have been Sherry.</p> <p>17 Q. But you don't remember</p> <p>18 specifically?</p> <p>19 A. I don't remember specifically. I</p> <p>20 might be able to look back and see, but I don't</p> <p>21 remember specifically.</p> <p>22 Q. But that did not end up in the</p> <p>23 contract?</p>	<p style="text-align: right;">Page 137</p> <p>1 transmission.</p> <p>2 Q. All right. And who said that?</p> <p>3 A. Once again, I don't remember for</p> <p>4 sure.</p> <p>5 Q. And what precisely did they say?</p> <p>6 A. Exactly what I just explained to</p> <p>7 you. It was too early to do it because -- the</p> <p>8 assumption was they would be willing to provide</p> <p>9 it, provided the transmission study showed the</p> <p>10 cost and we paid the cost.</p> <p>11 So there was never any indication</p> <p>12 that I have ever heard from TVA that they</p> <p>13 weren't willing to transmit the power.</p> <p>14 Q. Well, was the assumption your</p> <p>15 assumption?</p> <p>16 A. It seemed to be the assumption of</p> <p>17 the TVA people. They didn't say no, we won't</p> <p>18 transmit the power. They said you need to go</p> <p>19 through the normal procedures. They have a</p> <p>20 tariff that they file with FERC. And what they</p> <p>21 were saying to me was you have to go through</p> <p>22 the tariff procedures and part of that is a</p> <p>23 transmission study. And we had in our budget a</p>
<p style="text-align: right;">Page 136</p> <p>1 A. Correct, for the reasons I just</p> <p>2 said.</p> <p>3 Q. And TVA has never made a written</p> <p>4 contractual commitment to Nuclear Development</p> <p>5 to provide transmission to it, correct?</p> <p>6 A. Correct.</p> <p>7 Q. Nor has Nuclear Development ever</p> <p>8 asked that the transmission study be performed,</p> <p>9 correct?</p> <p>10 A. Correct.</p> <p>11 Q. Now, TVA also had never indicated</p> <p>12 any interest about being the operator of the</p> <p>13 plant, correct?</p> <p>14 A. Probably correct. Once again, I</p> <p>15 might know -- not know whether they were</p> <p>16 interested in it. They never told me they were</p> <p>17 willing to do it, let's put it that way.</p> <p>18 Q. All right. And just so I'm clear,</p> <p>19 sitting here today, you can't as to this -- you</p> <p>20 said that TVA indicated an interest in</p> <p>21 providing transmission, right?</p> <p>22 A. I would say they indicated an</p> <p>23 assumption that they would be providing the</p>	<p style="text-align: right;">Page 138</p> <p>1 certain amount of upgrade for that</p> <p>2 transmission. And the budget for the plant, we</p> <p>3 had an amount for that. TVA had always assumed</p> <p>4 that they were going to transmit the power when</p> <p>5 they owned it over their own lines, and we</p> <p>6 assumed the same thing. And so did they,</p> <p>7 apparently, because nobody ever made any</p> <p>8 objections to transmitting the power.</p> <p>9 Q. All right. So you are saying you</p> <p>10 are basing your assumption that TVA had no</p> <p>11 objection to transmitting the power on the</p> <p>12 basis that they never told you they wouldn't</p> <p>13 transmit the power, is that fair?</p> <p>14 A. No, I don't think it's fair. I</p> <p>15 think it was more clear that as long as we went</p> <p>16 through the procedures and were willing to pay</p> <p>17 the cost that they definitely would transmit</p> <p>18 the power.</p> <p>19 Q. They told you they would</p> <p>20 definitely --</p> <p>21 A. No, they didn't -- I say I think</p> <p>22 it was fair that that was the assumption on the</p> <p>23 thing. We never got there, because we were</p>

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<p>1 premature on submitting any application and</p> <p>2 still probably are. Because we have got three</p> <p>3 or four years of construction to go here.</p> <p>4 Q. All right. You have now told me</p> <p>5 about the only meetings with Bill Johnson on</p> <p>6 Bellefonte that you can remember, correct?</p> <p>7 A. Correct.</p> <p>8 Q. Do you remember being on any phone</p> <p>9 calls with Bill Johnson about Bellefonte?</p> <p>10 A. I would assume I was, but I don't</p> <p>11 remember any specific phone calls.</p> <p>12 Q. Did you ever have any face-to-face</p> <p>13 meetings with Sherry Quirk that Bill Johnson</p> <p>14 was not also in attendance at concerning</p> <p>15 Bellefonte?</p> <p>16 A. Sure.</p> <p>17 Q. All right. Tell me about the</p> <p>18 first of those that you remember.</p> <p>19 A. Well, we met with Sherry Quirk</p> <p>20 prior to the contract, I don't know how many</p> <p>21 times but -- and I had numerous phone calls</p> <p>22 with her prior to that. Bill Johnson was not</p> <p>23 involved in any of those. She was the one who</p>	<p>1 that I have just related, I had numerous phone</p> <p>2 calls with her on those topics.</p> <p>3 (Whereupon, Exhibit Number 13,</p> <p>4 having been previously marked for</p> <p>5 identification, was referenced in</p> <p>6 this deposition.)</p> <p>7 Q. Okay. Let me show you what has</p> <p>8 been previously marked as Exhibit 13.</p> <p>9 A. (Reviewing document.)</p> <p>10 Q. This is your letter to TVA</p> <p>11 requesting on behalf of Nuclear Development a</p> <p>12 six-month extension to the closing date under</p> <p>13 the agreement, correct?</p> <p>14 A. Right.</p> <p>15 Q. And the closing date is a contract</p> <p>16 term in the Purchase and Sale Agreement,</p> <p>17 correct?</p> <p>18 A. I don't know if closing date is.</p> <p>19 Closing is. I would have to look at the</p> <p>20 contract.</p> <p>21 Q. Well, the fact that the closing</p> <p>22 was going to occur on November 14th was in the</p> <p>23 contract, correct?</p>
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<p>1 was conducting the transaction, if you want to</p> <p>2 put it that way. I discussed with her the</p> <p>3 process of the sale, et cetera, et cetera, et</p> <p>4 cetera. So we had considerable amount of</p> <p>5 discussion with her. Most of those were phone</p> <p>6 calls. I think there was one or two that were</p> <p>7 actually in-person meetings.</p> <p>8 Q. Tell me about the in-person</p> <p>9 meetings, what you recall about them.</p> <p>10 A. I don't really recall anything</p> <p>11 specific about them.</p> <p>12 Q. All right. What about after the</p> <p>13 contract, the Purchase and Sale Agreement, was</p> <p>14 signed, did you have any face-to-face meetings</p> <p>15 with Ms. Quirk that did not involve Mr.</p> <p>16 Johnson?</p> <p>17 A. That did not involve Mr. Johnson.</p> <p>18 I have trouble remembering phone calls versus</p> <p>19 meetings, but we might have. But most of them</p> <p>20 were phone calls.</p> <p>21 Q. And do you remember anything</p> <p>22 specific about the phone calls with her?</p> <p>23 A. Well, we had -- the various topics</p>	<p>1 A. Correct.</p> <p>2 Q. All right. And so any change of</p> <p>3 that would have required an amendment to the</p> <p>4 contract, correct?</p> <p>5 A. Correct.</p> <p>6 Q. And you would agree that TVA was</p> <p>7 not under any obligation to agree to any</p> <p>8 amendment to the contract --</p> <p>9 A. Correct.</p> <p>10 Q. -- correct? Is that correct?</p> <p>11 A. That's correct.</p> <p>12 MR. O'REAR: Wait for him to</p> <p>13 finish his question, if you would.</p> <p>14 Q. (BY MR. LEMBKE:) Why did Nuclear</p> <p>15 Development ask for this extension?</p> <p>16 A. Well, we wanted an extension to</p> <p>17 put the whole project together. One of the</p> <p>18 reasons, of course, was the transfer of the</p> <p>19 construction permits; one of the reasons was to</p> <p>20 put the rest of the financing package together.</p> <p>21 We would have preferred obviously to have an</p> <p>22 extension and have those things in place, the</p> <p>23 same way we asked for those as conditions</p>

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<p>1 originally.</p> <p>2 Q. Wasn't the main reason you asked</p> <p>3 for this the fact that you wanted to get the</p> <p>4 approval of the transfer of the construction</p> <p>5 permits prior to closing?</p> <p>6 A. I wouldn't view that as the main</p> <p>7 reason. That was one of the major reasons.</p> <p>8 Q. All right. Would you agree that</p> <p>9 the main reason that Nuclear Development</p> <p>10 requested the transfer of the construction</p> <p>11 permits was that the -- this was a case of</p> <p>12 first impression for the NRC; the NRC would</p> <p>13 likely prefer that its approval occur before</p> <p>14 closing; and Nuclear Development would also</p> <p>15 prefer that it occur before closing?</p> <p>16 MR. O'REAR: Objection.</p> <p>17 A. I don't even understand the</p> <p>18 question.</p> <p>19 MR. O'REAR: I don't understand</p> <p>20 the question either.</p> <p>21 Q. (BY MR. LEMBKE:) All right.</p> <p>22 Well, isn't it true that the main reason -- let</p> <p>23 me just show you this.</p>	<p>1 construction permits occur before a closing?</p> <p>2 A. Yes.</p> <p>3 Q. And isn't it true that Nuclear</p> <p>4 Development also preferred that the approval of</p> <p>5 the transfer of the construction permits occur</p> <p>6 before closing?</p> <p>7 A. Yes.</p> <p>8 Q. And isn't it true that those</p> <p>9 factors were the main reason that Nuclear</p> <p>10 Development had requested an extension of the</p> <p>11 closing date?</p> <p>12 A. Well, if I used the word the main</p> <p>13 reason, it should have said a main reason. As</p> <p>14 I said in my prior answer to one of your</p> <p>15 questions, that was one of the main reasons.</p> <p>16 (Whereupon, Exhibit Number 19,</p> <p>17 having been previously marked for</p> <p>18 identification, was referenced in</p> <p>19 this deposition.)</p> <p>20 Q. Well, if we take a look at Exhibit</p> <p>21 19, which is an email from you to Cliff Beach</p> <p>22 on November 12, 2018, in the first paragraph --</p> <p>23 A. First paragraph.</p>
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<p>1 A. Okay.</p> <p>2 Q. This is what has been --</p> <p>3 MR. O'REAR: Your question was,</p> <p>4 was the main reason that they applied for the</p> <p>5 --</p> <p>6 A. Why don't you show it to me?</p> <p>7 MR. O'REAR: -- transfer.</p> <p>8 A. It would cut through this stuff.</p> <p>9 MR. O'REAR: I'm not sure you</p> <p>10 actually said what you meant to say.</p> <p>11 Q. (BY MR. LEMBKE:) Well, Mr. Beach,</p> <p>12 let me try it again before I show you any</p> <p>13 exhibit.</p> <p>14 A. It's Blust.</p> <p>15 Q. Excuse me. What did I say?</p> <p>16 A. Mr. Beach.</p> <p>17 Q. Oh, sorry.</p> <p>18 A. He would be deeply offended by</p> <p>19 that.</p> <p>20 Q. I was reading his note here.</p> <p>21 Mr. Blust, isn't it true that you</p> <p>22 understood that the NRC would likely prefer</p> <p>23 that approval of the transfer of the</p>	<p>1 Q. -- you describe that as the main</p> <p>2 reasons we had requested an extension of the</p> <p>3 closing date.</p> <p>4 A. Yeah, but I used the word reasons,</p> <p>5 not reason.</p> <p>6 Q. Right. But what was listed here</p> <p>7 were the reasons you viewed as the main</p> <p>8 reasons, correct?</p> <p>9 A. No. I just testified what I</p> <p>10 viewed as the main reasons. It probably should</p> <p>11 have said was a main -- one of the main</p> <p>12 reasons, okay?</p> <p>13 Q. So you are basically now saying</p> <p>14 that what you said to Mr. Beach on November</p> <p>15 12th, 2018 did not accurately reflect what you</p> <p>16 intended to say?</p> <p>17 A. Well, I think the use of the word</p> <p>18 reasons accurately reflects it. It may not be</p> <p>19 grammatically -- I wouldn't be proud of the</p> <p>20 grammar.</p> <p>21 Q. Well, but the other things you</p> <p>22 mentioned as main reasons, other than what is</p> <p>23 on here, are not on here, correct?</p>

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<p style="text-align: right;">Page 147</p> <p>1 A. Correct.</p> <p>2 Q. Okay. When, Mr. Blust, did you</p> <p>3 first learn from TVA that TVA thought there was</p> <p>4 any legal impediment to the closing if NRC</p> <p>5 approval had not been obtained?</p> <p>6 A. Any legal impediment? I think it</p> <p>7 was 15th.</p> <p>8 Q. 15th of November?</p> <p>9 A. November.</p> <p>10 Q. Of 2018?</p> <p>11 A. Correct.</p> <p>12 Q. And what do you recall learning on</p> <p>13 the 15th of November?</p> <p>14 A. Well, in a phone call I was told</p> <p>15 by both Sherry Quirk and Chris Chandler, I</p> <p>16 believe it was, that they had just discovered</p> <p>17 that Section 101 of the AEA, in their opinion,</p> <p>18 made it illegal to close the transaction. I,</p> <p>19 of course, didn't agree with that and stated</p> <p>20 the reasons why I didn't agree with it.</p> <p>21 Q. Mr. Blust, isn't it true that they</p> <p>22 had told you prior to that date -- or someone</p> <p>23 at TVA had told you prior to that date that TVA</p>	<p style="text-align: right;">Page 149</p> <p>1 was a problem in regard to not transferring the</p> <p>2 permits at the time of closing. I was not told</p> <p>3 anything about any illegality, word wasn't even</p> <p>4 used. I was not told anything about the</p> <p>5 permits violated, et cetera. I think those</p> <p>6 conversations occurred later. But yes, there</p> <p>7 was a discussion later.</p> <p>8 (Whereupon, Exhibit Number 17,</p> <p>9 having been previously marked for</p> <p>10 identification, was referenced in</p> <p>11 this deposition.)</p> <p>12 Q. Well, let me show you what has</p> <p>13 been marked as Exhibit 17 previously.</p> <p>14 A. This is probably the later I was</p> <p>15 just referring to.</p> <p>16 Q. Well, this is November 9th.</p> <p>17 A. Correct.</p> <p>18 Q. And this is an email to you from</p> <p>19 Mr. Beach, correct?</p> <p>20 A. Right.</p> <p>21 Q. And he says: As a promise,</p> <p>22 attached are several bullets relating to our</p> <p>23 recent discussion, do you see that?</p>
<p style="text-align: right;">Page 148</p> <p>1 believed that there would be a permit violation</p> <p>2 if the plant ownership was transferred without</p> <p>3 approval of the transfer of the construction</p> <p>4 permits by NRC?</p> <p>5 A. No.</p> <p>6 Q. You don't recall that?</p> <p>7 A. No, I think you are thinking of a</p> <p>8 different topic.</p> <p>9 Q. Well, what do you think I am</p> <p>10 thinking of?</p> <p>11 A. I think you are thinking of on the</p> <p>12 8th when we asked for an extension to study the</p> <p>13 issue.</p> <p>14 Q. Well, aren't you aware that TVA</p> <p>15 had been expressing a concern about whether</p> <p>16 they would be -- whether TVA would be in</p> <p>17 violation of the permits if the closing</p> <p>18 occurred without approval of the transfer by</p> <p>19 NRC?</p> <p>20 A. I was aware on the 8th because I</p> <p>21 was informed on the 8th by Sherry Quirk that,</p> <p>22 in fact, they had looked at the permits and</p> <p>23 they wanted to study the issue of whether there</p>	<p style="text-align: right;">Page 150</p> <p>1 A. Correct.</p> <p>2 Q. And did you understand the recent</p> <p>3 discussion was your conversation the day</p> <p>4 before?</p> <p>5 A. Correct.</p> <p>6 Q. All right. And the fourth bullet</p> <p>7 says -- on page two says: Because the</p> <p>8 construction permits expressly reference TVA</p> <p>9 ownership of the site, CPPR-122 and -123</p> <p>10 Section 2, acquisition of the site by another</p> <p>11 entity would result in a failure to comply with</p> <p>12 one or more terms of the permits. Do you see</p> <p>13 that?</p> <p>14 A. That was not stated the prior day</p> <p>15 before.</p> <p>16 Q. Well, but it -- you would</p> <p>17 acknowledge that TVA expressed a concern about</p> <p>18 the legality of the transfer based on the</p> <p>19 permit compliance issue on November 9th?</p> <p>20 A. I did not assume that bullet four</p> <p>21 expressed any regard to the legality of the</p> <p>22 transfer. I read number four exactly as it</p> <p>23 says. He doesn't say that the transfer is</p>

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<p style="text-align: right;">Page 151</p> <p>1 there. He said it would result in failure to</p> <p>2 comply with one or more terms of the permits.</p> <p>3 He didn't say the transfer would be illegal,</p> <p>4 that was never said until the 15th.</p> <p>5 Q. Well, he was certainly indicating</p> <p>6 to you that TVA was concerned that it would be</p> <p>7 in violation of the permits, correct?</p> <p>8 A. Correct.</p> <p>9 Q. And that would be a violation of</p> <p>10 law, correct?</p> <p>11 MR. O'REAR: Objection, calls for</p> <p>12 a question of law.</p> <p>13 A. I don't believe it would be a</p> <p>14 violation of law. The permit might have been</p> <p>15 violated by that, but the transfer of the</p> <p>16 property doesn't even require a transfer of the</p> <p>17 permit. So there can't be any violation by --</p> <p>18 this doesn't refer to the transfer of the</p> <p>19 property.</p> <p>20 Q. (BY MR. LEMBKE:) So, Mr. Blust,</p> <p>21 it is your position that if TVA is in violation</p> <p>22 of a permit, that's not a violation of law?</p> <p>23 A. It was not my understanding that</p>	<p style="text-align: right;">Page 153</p> <p>1 A. First of all, this is a failure to</p> <p>2 comply; it doesn't say a violation of law. And</p> <p>3 second, we were discussing the contract terms</p> <p>4 which do not require a transfer of the permit</p> <p>5 to transfer the property nor does the law</p> <p>6 require that. So it did not rise to the level</p> <p>7 of any statement of anything in the contract</p> <p>8 would have been violated.</p> <p>9 Q. Well, you understand that there is</p> <p>10 a provision -- a closing condition in the</p> <p>11 contract indicating that if consummation of the</p> <p>12 transactions would result in a violation of the</p> <p>13 law, that closing could not proceed, correct?</p> <p>14 A. It was a condition -- I don't say</p> <p>15 the closing could not proceed; it was a</p> <p>16 condition of closing.</p> <p>17 Q. All right. And you are saying</p> <p>18 that when you read acquisition of the site by</p> <p>19 another entity, you understood that was</p> <p>20 referring to acquisition of Bellefonte by</p> <p>21 Nuclear Development --</p> <p>22 A. Yes.</p> <p>23 Q. -- right? And so when he said</p>
<p style="text-align: right;">Page 152</p> <p>1 this was a violation of the permit.</p> <p>2 Q. Well, but TVA was expressing its</p> <p>3 indication that it was, right?</p> <p>4 A. Well, I don't know really -- I can</p> <p>5 tell you what I think this thing says. But, in</p> <p>6 fact, it didn't say anything about the transfer</p> <p>7 of the property. The transactions referred to</p> <p>8 in the --</p> <p>9 MR. O'REAR: Just answer his</p> <p>10 question.</p> <p>11 A. Yeah. No, I didn't agree with</p> <p>12 that.</p> <p>13 Q. (BY MR. LEMBKE:) You didn't agree</p> <p>14 with what?</p> <p>15 A. What you just said.</p> <p>16 Q. That TVA was expressing its</p> <p>17 concern that it would be in violation of the</p> <p>18 law if the transfer occurred without the</p> <p>19 permits being changed?</p> <p>20 A. No, I don't agree with that.</p> <p>21 Q. You don't agree with that or you</p> <p>22 don't -- well, do you agree that TVA was</p> <p>23 expressing that concern?</p>	<p style="text-align: right;">Page 154</p> <p>1 that would result in a failure to comply with</p> <p>2 one or more terms of the permits, you didn't</p> <p>3 understand that that would -- that meant that</p> <p>4 TVA would be in violation of the law?</p> <p>5 A. Well, TVA could be in violation of</p> <p>6 the law by turning around and crossing a power</p> <p>7 line somewhere. I didn't understand that had</p> <p>8 any violation of the law in regard to the</p> <p>9 transactions to be consummated in the contract.</p> <p>10 The contract does not require the transfer of</p> <p>11 the permits, either at closing or any other</p> <p>12 time, it specifically does not require. It</p> <p>13 relieves on the closing any obligation of TVA</p> <p>14 to transfer the permit.</p> <p>15 So to me, this is a nice</p> <p>16 statement, we didn't agree with the statement</p> <p>17 either, but, you know, it doesn't have anything</p> <p>18 to do with the law on prohibiting a contract or</p> <p>19 making the transformation of the transactions.</p> <p>20 There is no requirement to transfer the permits</p> <p>21 of the contract.</p> <p>22 Q. Why did you not agree with the</p> <p>23 statement in that bullet?</p>

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<p style="text-align: right;">Page 155</p> <p>1 A. I just repeated that.</p> <p>2 Q. No, I don't --</p> <p>3 A. Well, what you --</p> <p>4 Q. You just said I don't agree -- I</p> <p>5 did not agree with the statement in that</p> <p>6 bullet.</p> <p>7 A. And we later explained this. I</p> <p>8 sent them our -- the fact is we don't believe</p> <p>9 there is anything in the permits that requires</p> <p>10 the continued ownership by the applicant of the</p> <p>11 permit. The term in the permit applicant's</p> <p>12 property, which is what he was talking about,</p> <p>13 simply describes the location of the nuclear</p> <p>14 plant that gets the license. It doesn't have</p> <p>15 anything to do with a requirement that that</p> <p>16 applicant keep the license. In fact, there is</p> <p>17 a procedure for transferring a permit by</p> <p>18 applicant A to B. And the person who gets the</p> <p>19 transfer of the permit has that same</p> <p>20 requirement that it's that facility. You can't</p> <p>21 move the facility -- the permit from facility A</p> <p>22 to facility B, and that's all that this</p> <p>23 particular thing says in the permit.</p>	<p style="text-align: right;">Page 157</p> <p>1 Q. (BY MR. LEMBKE:) Mr. Blust, it</p> <p>2 will help if you will answer my question and</p> <p>3 just the question.</p> <p>4 A. I obviously didn't understand the</p> <p>5 question. What was the question?</p> <p>6 Q. Here is my question: You</p> <p>7 understood that TVA would have had the legal</p> <p>8 obligation as the permittee to satisfy all</p> <p>9 terms of the contract until those permits were</p> <p>10 transferred, correct?</p> <p>11 A. The contract?</p> <p>12 Q. All term -- let me start over.</p> <p>13 You understood that TVA would have</p> <p>14 had the legal obligation as the permittee to</p> <p>15 satisfy all terms of the permit until those</p> <p>16 permits were transferred, correct?</p> <p>17 A. Correct.</p> <p>18 MR. O'REAR: Object to the form,</p> <p>19 calls for legal conclusion.</p> <p>20 Q. (BY MR. LEMBKE:) And you also</p> <p>21 agree that once TVA closed on the transaction,</p> <p>22 it had no right to access the Bellefonte site?</p> <p>23 A. No, I don't agree with that.</p>
<p style="text-align: right;">Page 156</p> <p>1 Q. Did you have any -- if the closing</p> <p>2 had occurred, TVA would have still been the</p> <p>3 permittee, correct?</p> <p>4 A. Correct.</p> <p>5 Q. But would have had no control over</p> <p>6 the site, correct?</p> <p>7 A. We would have agreed to control</p> <p>8 the site. We were negotiating for the same</p> <p>9 exact thing that TVA was doing at the site. We</p> <p>10 were in process of negotiating -- TVA</p> <p>11 maintained the site and security of the site,</p> <p>12 two things that are concerned here by</p> <p>13 contractors.</p> <p>14 As I said yesterday, Mr. Chardos</p> <p>15 was in the process, along with us, of getting</p> <p>16 the same contracts to continue after the</p> <p>17 transfer. So anything TVA would have wanted us</p> <p>18 to agree on how we are going to do that, we</p> <p>19 would be more than happy to agree. But we were</p> <p>20 going to do the same thing that TVA was doing</p> <p>21 to comply with the permits.</p> <p>22 MR. LEMBKE: Move to strike as</p> <p>23 nonresponsive.</p>	<p style="text-align: right;">Page 158</p> <p>1 Q. You don't?</p> <p>2 A. No.</p> <p>3 Q. What right of access would TVA</p> <p>4 have had?</p> <p>5 A. Anything they would want to have.</p> <p>6 We would have been happy to negotiate access to</p> <p>7 the site, if they had wanted it. I don't know</p> <p>8 why they would want it, but we would have been</p> <p>9 happy to do it.</p> <p>10 Q. But as of the time -- as of</p> <p>11 November 2018, there was no contractual right</p> <p>12 of access that TVA would have had, absent some</p> <p>13 additional agreement that was entered into?</p> <p>14 A. Correct. No one ever asked us for</p> <p>15 that agreement.</p> <p>16 Q. And -- okay. All right. Do you</p> <p>17 recall having any discussions after November</p> <p>18 8th with anyone at TVA about the issue of the</p> <p>19 permit violation, if the closing occurred</p> <p>20 without NRC approval?</p> <p>21 A. Well, you consider the 9th a</p> <p>22 discussion or not?</p> <p>23 Q. Well, other than this email -- I</p>



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<p style="text-align: right;">Page 159</p> <p>1 was really -- first I want to talk about a</p> <p>2 telephone or face-to-face discussion about it.</p> <p>3 A. This topic was -- came up in the</p> <p>4 November 15th, although it was not the primary</p> <p>5 topic of the November 15th.</p> <p>6 Q. All right. What do you recall</p> <p>7 being discussed on November 15th?</p> <p>8 A. There was a statement similar to</p> <p>9 this in regard to it would violate the permit,</p> <p>10 and I disagreed.</p> <p>11 Q. And who said it would violate the</p> <p>12 permit?</p> <p>13 A. I don't know. It was either</p> <p>14 Chandler or Beach or Quirk. Those people all</p> <p>15 talked during that thing.</p> <p>16 Q. And do you recall specifically</p> <p>17 what you said?</p> <p>18 A. I repeated that it would not. And</p> <p>19 I also supplied a paper that said that. So we</p> <p>20 didn't have any elaborate conversations,</p> <p>21 because we supplied in writing our view of</p> <p>22 this.</p> <p>23 Q. But you understood that this issue</p>	<p style="text-align: right;">Page 161</p> <p>1 responsibility --</p> <p>2 A. I think you -- I confused your</p> <p>3 question -- why don't you repeat your question?</p> <p>4 MR. O'REAR: Slow down, Larry.</p> <p>5 A. Yeah, yes.</p> <p>6 MR. O'REAR: Let him finish his</p> <p>7 question and then you can --</p> <p>8 Q. (BY MR. LEMBKE:) My question is,</p> <p>9 you said that you agreed that there would be a</p> <p>10 degree of responsibility and risk to TVA after</p> <p>11 closing, if TVA transferred ownership of the</p> <p>12 Bellefonte site to Nuclear Development without</p> <p>13 NRC approval of transfer of the construction</p> <p>14 permits.</p> <p>15 MR. O'REAR: Just --</p> <p>16 Q. And my question is, what did you</p> <p>17 mean by -- what was the degree of</p> <p>18 responsibility and risk that TVA would have?</p> <p>19 MR. O'REAR: Excuse me, just a</p> <p>20 minute. What exhibit are you reading from?</p> <p>21 MR. LEMBKE: I mean that's not</p> <p>22 relevant. I am asking a question unrelated to</p> <p>23 an exhibit.</p>
<p style="text-align: right;">Page 160</p> <p>1 was a question of first impression for the NRC</p> <p>2 without clear precedent, correct?</p> <p>3 A. What is this issue?</p> <p>4 Q. The issue of the transfer of the</p> <p>5 plant without the prior approval of NRC for</p> <p>6 transfer of the construction permits pertaining</p> <p>7 to the plant.</p> <p>8 A. Yes, although I didn't understand</p> <p>9 that it had anything to do with the violation</p> <p>10 of the terms of the permit, but that's right.</p> <p>11 Q. And you understood that if there</p> <p>12 had been a transfer of the plant without</p> <p>13 approval of the transfer of the construction</p> <p>14 permits, that would result in a degree of</p> <p>15 responsibility and risk to TVA after the</p> <p>16 closing occurred?</p> <p>17 A. Correct, and I said that to TVA.</p> <p>18 Q. All right. What did you mean by</p> <p>19 responsibility and risk to TVA?</p> <p>20 A. Exactly what you just asked me</p> <p>21 before. They would still be the permit holder.</p> <p>22 To TVA or to NRC?</p> <p>23 Q. To TVA. What was the</p>	<p style="text-align: right;">Page 162</p> <p>1 MR. O'REAR: I know, but you are</p> <p>2 reading from an exhibit and if you could give</p> <p>3 the witness the benefit of --</p> <p>4 MR. LEMBKE: That's not a proper</p> <p>5 objection. I'm not going to give him the</p> <p>6 benefit. I will ask him about the exhibit in</p> <p>7 due course if I choose to. I am asking him a</p> <p>8 follow-up to his answer, not any exhibit.</p> <p>9 A. I have forgotten the question, so</p> <p>10 could you repeat the question?</p> <p>11 Q. (BY MR. LEMBKE:) Yes. A moment</p> <p>12 ago you agreed that if there was a sale of the</p> <p>13 Bellefonte site, a closing on the sale by TVA</p> <p>14 to Nuclear Development without NRC approval of</p> <p>15 the transfer of the construction permits, that</p> <p>16 there would be a degree of responsibility and</p> <p>17 risk to TVA as a result of that happening.</p> <p>18 And my question is, what did you</p> <p>19 mean when you said there would be a degree of</p> <p>20 responsibility and risk to TVA?</p> <p>21 A. Exactly what I just explained,</p> <p>22 which was they would still be responsible for</p> <p>23 the compliance with the permit. They would</p>

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<p style="text-align: right;">Page 163</p> <p>1 be -- continue to be --</p> <p>2 (Reporter interruption.)</p> <p>3 A. They would continue to be permit</p> <p>4 holder until approval was given and they would</p> <p>5 continue to be responsible for complying with</p> <p>6 the permit.</p> <p>7 Q. Are you aware of any situation in</p> <p>8 American history where the owner of the plant</p> <p>9 subject to a nuclear construction permit from</p> <p>10 the NRC was not also the permit holder for the</p> <p>11 construction permit?</p> <p>12 A. On construction permits, no, but I</p> <p>13 am on operating permits.</p> <p>14 Q. Pardon me?</p> <p>15 A. I am on operating permits.</p> <p>16 Q. Well, my question was construction</p> <p>17 permit.</p> <p>18 A. I don't know if it has ever -- I</p> <p>19 think there may be one situation where that</p> <p>20 occurred but --</p> <p>21 Q. When was it?</p> <p>22 A. It would have been in regard to</p> <p>23 the south or east Texas one.</p>	<p style="text-align: right;">Page 165</p> <p>1 transferred without approval of the NRC.</p> <p>2 Q. And the NRC said that was okay?</p> <p>3 A. They went ahead and ultimately</p> <p>4 granted the approval of the permit.</p> <p>5 Q. So it's your position that the NRC</p> <p>6 has said it's okay for a part owner of a</p> <p>7 nuclear plant not to be the permittee?</p> <p>8 A. It's not my position at all.</p> <p>9 Don't put words in my mouth.</p> <p>10 Q. No, I'm asking you is that your</p> <p>11 testimony?</p> <p>12 A. No, no.</p> <p>13 Q. All right. So you don't know</p> <p>14 whether the NRC has said that's okay or not?</p> <p>15 A. I am not aware of any formal</p> <p>16 regulatory procedure which the NRC would go to</p> <p>17 say that is okay or not.</p> <p>18 Q. All right. If you will pull out</p> <p>19 Exhibit 19. This is an email that you sent to</p> <p>20 Cliff Beach with copies to others on Monday,</p> <p>21 November 12th, 2018, correct?</p> <p>22 A. Correct.</p> <p>23 Q. And this is where we already</p>
<p style="text-align: right;">Page 164</p> <p>1 (Reporter interruption.)</p> <p>2 A. I reviewed all of the cases here,</p> <p>3 and I don't remember for sure.</p> <p>4 MR. O'REAR: Slow down. She</p> <p>5 didn't understand what you said --</p> <p>6 A. I'm sorry, what --</p> <p>7 MR. O'REAR: -- when you said</p> <p>8 Texas.</p> <p>9 A. South Texas or east Texas, there</p> <p>10 was a plant that was actually -- was actually</p> <p>11 -- requested a permit to build that never was</p> <p>12 built in Texas. It moved around from place to</p> <p>13 place. It had a rather checkered history of</p> <p>14 ownership.</p> <p>15 Q. (BY MR. LEMBKE:) And so it is</p> <p>16 your testimony that that was a situation where</p> <p>17 the owner of the plant and the permittee of the</p> <p>18 NRC were not the same?</p> <p>19 A. Well, the owner of the plant issue</p> <p>20 also goes to people who are part of the</p> <p>21 ownership entity. There is a situation, and I</p> <p>22 believe it was the Texas one, where, in fact,</p> <p>23 part of the ownership of the entity was</p>	<p style="text-align: right;">Page 166</p> <p>1 looked at the first paragraph where you say:</p> <p>2 In our call Thursday I briefly explained ND's</p> <p>3 proposed path forward to transfer the</p> <p>4 construction permits in deferred status by</p> <p>5 filing the application before closing with the</p> <p>6 approval to occur after closing and stated that</p> <p>7 we agree with you that this would be a case of</p> <p>8 first impression to the NRC, that the NRC would</p> <p>9 likely prefer that the its (sic) approval occur</p> <p>10 before closing as would we and that this was</p> <p>11 the main reasons we had requested an extension</p> <p>12 of the closing date. Did I read that right?</p> <p>13 A. I think you did, including a</p> <p>14 couple of typos there.</p> <p>15 Q. And so that was your view back --</p> <p>16 that was at least one of the main reasons you</p> <p>17 had requested the extension date back in</p> <p>18 August, correct?</p> <p>19 A. Correct.</p> <p>20 Q. All right. Now, then if you look</p> <p>21 down in the third paragraph you say: Although</p> <p>22 there is some difference between Tim's position</p> <p>23 and yours -- well, let's start with the first</p>

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<p style="text-align: right;">Page 167</p> <p>1 paragraph.</p> <p>2 First you say in that third</p> <p>3 paragraph: Based on your analysis, TVA cannot</p> <p>4 perform its obligation to transfer the plants</p> <p>5 until a license transfer has received NRC</p> <p>6 approval and would be in breach of contract</p> <p>7 unless the closing date is extended. Do you</p> <p>8 see that?</p> <p>9 A. I see that.</p> <p>10 Q. Now, as of November 12th, the only</p> <p>11 issue that had been raised by TVA with you</p> <p>12 related to whether they'd be out of compliance</p> <p>13 with the permit, correct?</p> <p>14 A. Correct.</p> <p>15 Q. All right. And so you understood</p> <p>16 that TVA was saying that prevented it from</p> <p>17 performing its obligation to transfer the</p> <p>18 plant, correct?</p> <p>19 A. What I was saying is that's what</p> <p>20 their analysis would lead them to say.</p> <p>21 Q. Okay. So you understood that was</p> <p>22 what TVA's analysis was leading to?</p> <p>23 A. Well, I assumed it would lead to.</p>	<p style="text-align: right;">Page 169</p> <p>1 A. Because this had happened, right.</p> <p>2 Q. All right. And that's why you</p> <p>3 said the safe way to do it is to close after</p> <p>4 NRC approval of the transfers, right?</p> <p>5 A. Correct.</p> <p>6 Q. All right. And then the second</p> <p>7 page is a legal write-up that you sent about --</p> <p>8 that you entitled, Regulatory Path Forward For</p> <p>9 Transfer of the Bellefonte Construction</p> <p>10 Permits, correct?</p> <p>11 A. Correct.</p> <p>12 Q. Now, in this -- you are aware that</p> <p>13 in the application that Nuclear Development</p> <p>14 submitted on November 13th, which was the next</p> <p>15 day from this email, Nuclear Development asked</p> <p>16 that the NRC hold the permits in terminated</p> <p>17 plant status, you recall that?</p> <p>18 A. I recall the testimony yesterday.</p> <p>19 I have never read that permit.</p> <p>20 Q. Okay. Well, there is nothing</p> <p>21 about asking the NRC to hold the permits in</p> <p>22 terminated plant status in this one-page</p> <p>23 Regulatory Path Forward document that was sent</p>
<p style="text-align: right;">Page 168</p> <p>1 They said they wanted time to analyze this</p> <p>2 issue.</p> <p>3 Q. All right. So then you go on to</p> <p>4 say: Although there is some difference between</p> <p>5 Tim's position and yours, I think we are all in</p> <p>6 agreement that the safe way to do this is to</p> <p>7 close after NRC approval of the construction</p> <p>8 permit transfers. Otherwise, both parties</p> <p>9 incur risks which can be easily avoided. Do</p> <p>10 you see that?</p> <p>11 A. Correct.</p> <p>12 Q. What was the risk to TVA that you</p> <p>13 were talking about?</p> <p>14 A. The risk that they were still</p> <p>15 responsible for permit compliance after closing</p> <p>16 until the approval occurred, the very risk that</p> <p>17 we just talked about.</p> <p>18 Q. What was the risk to Nuclear</p> <p>19 Development?</p> <p>20 A. The risk to Nuclear Development</p> <p>21 was that somebody at the NRC would say we are</p> <p>22 not going to renew your permit.</p> <p>23 Q. Because this had happened?</p>	<p style="text-align: right;">Page 170</p> <p>1 the day before, is there?</p> <p>2 A. No. And I believe, by the way,</p> <p>3 you mischaracterized hold the permits in</p> <p>4 terminated status. I haven't read yet the</p> <p>5 transfer, but the testimony yesterday from Mr.</p> <p>6 McCollum and the provisions you read, that</p> <p>7 wasn't what the application said.</p> <p>8 MR. LEMBKE: I move to strike.</p> <p>9 Q. (BY MR. LEMBKE:) Mr. Blust, we</p> <p>10 are here for your deposition, not for you to</p> <p>11 make an argument, not for you to make</p> <p>12 statements. You are here to answer the</p> <p>13 questions and only the questions that I ask or</p> <p>14 Mr. O'Rear asks, and would you please adhere to</p> <p>15 that?</p> <p>16 A. You put that very statement in</p> <p>17 your question. If you would like to read back</p> <p>18 your question, that is exactly what you stated</p> <p>19 to me. And I was just saying I don't believe</p> <p>20 that's a true statement. If you want to</p> <p>21 premise your questions by statements that you</p> <p>22 think are facts or legal conclusions, then I am</p> <p>23 entitled to respond to whether I agree with</p>

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Pages 171 to 174

<p style="text-align: right;">Page 171</p> <p>1 them or not.</p> <p>2 MR. LEMBKE: Move to strike.</p> <p>3 Q. (BY MR. LEMBKE:) All right. And</p> <p>4 in the last paragraph of the Regulatory Path</p> <p>5 Forward document it says, the first sentence:</p> <p>6 ND acknowledges that this regulatory path</p> <p>7 involving temporary separation of ownership of</p> <p>8 a site for utilization facility from the</p> <p>9 recipient of the permits authorizing its</p> <p>10 construction appears to be a situation of first</p> <p>11 impression for the NRC without clear precedent</p> <p>12 and results in a degree of responsibility and</p> <p>13 risk to TVA after closing until the CP</p> <p>14 transfers are approved. Did I read that</p> <p>15 correctly?</p> <p>16 A. I am not sure where you are</p> <p>17 reading from. Why don't you tell me again what</p> <p>18 you're reading from.</p> <p>19 Q. I am in the last paragraph.</p> <p>20 A. Of first page or --</p> <p>21 Q. Of the second page, the Regulatory</p> <p>22 Path Forward document.</p> <p>23 A. Okay.</p>	<p style="text-align: right;">Page 173</p> <p>1 write this, as you well know.</p> <p>2 Q. Right. Now, did Nuclear</p> <p>3 Development ever provide to TVA -- well, first</p> <p>4 let me ask, did Nuclear Development ever obtain</p> <p>5 an opinion letter from any law firm about any</p> <p>6 of the legal issues that had been raised by</p> <p>7 TVA?</p> <p>8 A. A formal opinion?</p> <p>9 Q. Yes.</p> <p>10 A. I don't believe so.</p> <p>11 Q. And, in fact, you told TVA that it</p> <p>12 was not opinionable, correct?</p> <p>13 A. What was not opinionable?</p> <p>14 Q. The issue of whether the transfer</p> <p>15 of the Bellefonte site could proceed without</p> <p>16 violation of the Atomic Energy Act or the</p> <p>17 permits.</p> <p>18 A. No, I think you are confused about</p> <p>19 what I told the TVA.</p> <p>20 Q. Well, what did you tell the TVA?</p> <p>21 A. I told TVA that I didn't think we</p> <p>22 could get an opinion from the NRC, that it was</p> <p>23 very difficult to get an opinion from the NRC.</p>
<p style="text-align: right;">Page 172</p> <p>1 Q. And the first sentence says: ND</p> <p>2 acknowledges that this regulatory path</p> <p>3 involving temporary separation of ownership of</p> <p>4 a site for utilization facility from the</p> <p>5 recipient of the permits authorizing its</p> <p>6 construction appears to be a situation of first</p> <p>7 impression for the NRC without clear precedent</p> <p>8 and results in a degree of responsibility and</p> <p>9 risk to TVA after closing until the CP</p> <p>10 transfers are approved, correct?</p> <p>11 A. Is that a correct reading? It</p> <p>12 sounds like to me it's a correct reading.</p> <p>13 Q. And nothing -- there was no</p> <p>14 discussion in this document about Section 101</p> <p>15 of the Atomic Energy Act, correct?</p> <p>16 MR. O'REAR: Objection.</p> <p>17 Mischaracterization of the document.</p> <p>18 Q. (BY MR. LEMBKE:) Mr. Blust, is</p> <p>19 there any discussion in page two of Exhibit 19</p> <p>20 about Section 101 of the Atomic Energy Act?</p> <p>21 A. Well, I believe that's what the</p> <p>22 second paragraph is referring to, the first</p> <p>23 sentence in the second paragraph. I didn't</p>	<p style="text-align: right;">Page 174</p> <p>1 Q. Well, didn't TVA ask you --</p> <p>2 representatives of TVA ask you if you had a</p> <p>3 formal legal opinion on the legal issues that</p> <p>4 were being discussed and your response was it's</p> <p>5 not opinionable?</p> <p>6 A. No, that's not right.</p> <p>7 Q. But, in fact, Nuclear Development</p> <p>8 did not have a formal legal opinion on those</p> <p>9 issues, correct?</p> <p>10 A. Correct.</p> <p>11 Q. Did Nuclear Development ask its</p> <p>12 counsel for a formal legal opinion?</p> <p>13 A. Not at this time. This is the</p> <p>14 first time anything came up.</p> <p>15 Q. At anytime prior to November 30th,</p> <p>16 2018, did Nuclear Development ask its counsel</p> <p>17 if it would provide a formal legal opinion on</p> <p>18 any of the legal issues that were being --</p> <p>19 A. You need to state that again.</p> <p>20 Anytime before when?</p> <p>21 Q. At any -- were you aware that the</p> <p>22 closing contractually was to occur on November</p> <p>23 30th, 2018 as a result of the first amendment</p>

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<p style="text-align: right;">Page 175</p> <p>1 to the Purchase and Sale Agreement?</p> <p>2 A. Correct.</p> <p>3 Q. At any time prior to that date, on</p> <p>4 or before that date, November 30th, 2018, did</p> <p>5 Nuclear Development ask any outside counsel for</p> <p>6 a formal legal opinion on any legal issue</p> <p>7 relevant to the closing?</p> <p>8 A. On any legal issue?</p> <p>9 Q. Well, let me break it down. Did</p> <p>10 you ask for -- did Nuclear Development ask any</p> <p>11 outside counsel on or before November 30th,</p> <p>12 2018 for a formal legal opinion on whether</p> <p>13 Section 101 of the Atomic Energy Act prohibited</p> <p>14 the transfer from occurring?</p> <p>15 A. No.</p> <p>16 Q. Did -- at any time prior to</p> <p>17 November 30th, 2018, did Nuclear Development</p> <p>18 ask any outside counsel for a formal legal</p> <p>19 opinion on whether TVA would be in violation of</p> <p>20 its permits, construction permits, if it</p> <p>21 transferred Bellefonte without prior approval</p> <p>22 of the transfer for the construction permits by</p> <p>23 the NRC?</p>	<p style="text-align: right;">Page 177</p> <p>1 Do you see that?</p> <p>2 A. Correct.</p> <p>3 Q. All right. How long had you been</p> <p>4 looking at Section 101 of the Atomic Energy Act</p> <p>5 and how it pertained to the potential closing?</p> <p>6 A. Well, I had asked Mr. Matthews</p> <p>7 about this issue which is why you got the --</p> <p>8 MR. O'REAR: Object --</p> <p>9 A. -- email.</p> <p>10 MR. O'REAR: Larry, instruct you</p> <p>11 not to communicate your conversations with Mr.</p> <p>12 Matthews.</p> <p>13 A. Probably since August or</p> <p>14 September.</p> <p>15 Q. (BY MR. LEMBKE:) And then you go</p> <p>16 on to say: I assume you were already looking</p> <p>17 at them, but if you -- if not, you should also</p> <p>18 look at the definitions in section eleven. Do</p> <p>19 you see that?</p> <p>20 A. Correct.</p> <p>21 Q. And then you say: Beyond that and</p> <p>22 the differed plant rule, I don't know of much</p> <p>23 else relevant out there. Do you see that?</p>
<p style="text-align: right;">Page 176</p> <p>1 A. No.</p> <p>2 (Whereupon, Exhibit Number 36,</p> <p>3 having been previously marked for</p> <p>4 identification, was referenced in</p> <p>5 this deposition.)</p> <p>6 Q. Now let me show you, Mr. Blust,</p> <p>7 what has been previously marked as Exhibit 36.</p> <p>8 A. (Reviewing document.)</p> <p>9 Q. At the bottom of 36 is an email</p> <p>10 from Mr. Beach to you on November 16th,</p> <p>11 correct?</p> <p>12 A. Yes.</p> <p>13 Q. And in it he says: Below is the</p> <p>14 Atomic Energy Act section we discussed</p> <p>15 yesterday. Do you see that?</p> <p>16 A. Right.</p> <p>17 Q. And he quotes Section 101 of the</p> <p>18 Atomic Energy Act, right?</p> <p>19 A. Correct.</p> <p>20 Q. And you then responded the same</p> <p>21 day saying: As per the voicemail I left</p> <p>22 yesterday for Sherry, this is the section we</p> <p>23 have been looking at and thought you were too.</p>	<p style="text-align: right;">Page 178</p> <p>1 A. Correct.</p> <p>2 Q. All right. Now, it says you left</p> <p>3 a voicemail for Sherry Quirk. Do you recall</p> <p>4 what was in that voicemail?</p> <p>5 A. It would have stated that -- they</p> <p>6 asked whether we were looking at the same</p> <p>7 section that they were. Okay? And it would</p> <p>8 have said, I assume, yes, we were. And I'm</p> <p>9 assuming this from this particular email but --</p> <p>10 Q. And what section of the deferred</p> <p>11 plant rule did you view as relevant here?</p> <p>12 A. I reviewed -- I reviewed the -- I</p> <p>13 don't know what section it is, I'm not sure</p> <p>14 what any section of the deferred plant rule is,</p> <p>15 but I viewed the deferred plant rule which</p> <p>16 meant you could not do activities that would</p> <p>17 have required a construction permit as a</p> <p>18 deferred plant to be relevant to this.</p> <p>19 MR. LEMBKE: Let's take a short</p> <p>20 break.</p> <p>21 A. Sure.</p> <p>22 THE VIDEOGRAPHER: We are going</p> <p>23 off the record. The time is 10:28 a.m.</p>

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<p style="text-align: right;">Page 179</p> <p>1 (Whereupon, a break was had from 2 10:28 a.m. until 10:37 a.m.) 3 THE VIDEOGRAPHER: We are on the 4 record at 10:37 a.m. 5 (Whereupon, Exhibit Number 23, 6 having been previously marked for 7 identification, was referenced in 8 this deposition.) 9 Q. (BY MR. LEMBKE:) Mr. Blust, let 10 me show you what has been previously marked as 11 Exhibit 23. 12 Well, first, you mentioned to me 13 that you had the phone conversation on November 14 8th and the phone conversation on November 15th 15 with TVA personnel. 16 Did you have telephone 17 conversations between the 15th and the 30th of 18 November? 19 A. I had another conversation on the 20 19th, I believe. 21 Q. All right. 22 A. The same people that were on the 23 15th.</p>	<p style="text-align: right;">Page 181</p> <p>1 Q. And who told you that on that 2 call? 3 A. On the unwind? I believe that was 4 Sherry Quirk. 5 Q. What about on the others you -- 6 A. Most of the conversation was her. 7 It could have been Cliff Beach. 8 Q. All right. 9 A. Might have been Chandler, although 10 most of these conversations were Cliff Beach 11 and Sherry, they kind of alternated between 12 each other. 13 Q. Was anyone on the call for Nuclear 14 Development other than yourself? 15 A. On the 19th? 16 Q. Yes, sir. 17 A. No. 18 Q. What about on the 15th? 19 A. 15th I was the only one from 20 Nuclear Development. 21 Q. What about on the 8th? 22 A. Well, the 8th they called me, and 23 no one was on it other than me. I answered on</p>
<p style="text-align: right;">Page 180</p> <p>1 Q. And what do you recall occurring 2 during the conversation on the 19th? 3 A. Well, let me preface that by 4 saying on the 15th, Sherry had told me that Mr. 5 Johnson was not inclined to extend the contract 6 because of what we had been doing in regard to 7 Memphis. I told her that she should get back 8 to Mr. Johnson and tell him that there was 9 going to be a breach of contract here if he 10 refused to close this and ask him again whether 11 he was willing to make an extension on this. 12 The 19th call came up because of -- they 13 indicated that they would do that and get back 14 to me. 15 So on the 19th, in fact, they got 16 back to me, informed me that Mr. Johnson was 17 still unwilling to give an extension. They 18 also told me on the 19th that they were still 19 of the impression that this was -- would 20 violate the law to close and that Mr. Johnson 21 or somebody, I assume Mr. Johnson, that he had 22 suggested that maybe it was time to unwind the 23 transaction.</p>	<p style="text-align: right;">Page 182</p> <p>1 my cell phone. 2 Q. All right. Now, other than what 3 you have already told me, do you recall 4 anything else about what occurred during the 5 phone call on the 19th? 6 A. What I explained to you was the 7 fact that Mr. Johnson was still opposed to 8 extension, all right? And that was the primary 9 conversation, because that's what the 15th they 10 had agreed to get back to me on. They were 11 still of the impression that this violated. 12 And I believe I probably said this is going to 13 lead to a lawsuit if you take that position. 14 And I'm trying to remember 15 whether -- I don't think there was another -- I 16 think this was later, and I think you handed me 17 the document that deals with the later proposal 18 by Franklin. There were conversations during 19 this time between Franklin Haney and Mr. 20 Johnson I was not on. And -- 21 MR. O'REAR: He has asked you 22 about what else was said on the November 19th 23 call.</p>



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<p style="text-align: right;">Page 183</p> <p>1 A. Yeah, and I'm just saying I don't</p> <p>2 remember anything in regard to the proposal</p> <p>3 being on the 19th call.</p> <p>4 Q. (BY MR. LEMBKE:) What proposal</p> <p>5 are you talking about?</p> <p>6 A. We made the proposal on the</p> <p>7 meeting back in October.</p> <p>8 Q. Oh, okay. After November 19th,</p> <p>9 did you have any other phone conversations with</p> <p>10 TVA personnel between then and November 30th?</p> <p>11 A. I don't believe I did. I tried to</p> <p>12 get ahold of Ms. Quirk and also of Cliff Beach</p> <p>13 to find out what they were going to do in</p> <p>14 regard to closing, but I don't believe I ever</p> <p>15 had any conversations that I actually hooked up</p> <p>16 on.</p> <p>17 Q. All right. Exhibit 23 that I put</p> <p>18 in front of you is an email exchange between</p> <p>19 you and Mr. Beach on November 28th, correct?</p> <p>20 A. Yeah, there's two emails here,</p> <p>21 right.</p> <p>22 Q. And you had asked basically to</p> <p>23 find out what TVA was going to do, correct?</p>	<p style="text-align: right;">Page 185</p> <p>1 Q. Then let me show you what has been</p> <p>2 previously marked as Exhibit 24. This is a</p> <p>3 letter you received from Ms. Quirk on November</p> <p>4 29th, correct?</p> <p>5 A. That looks like it, correct.</p> <p>6 Q. And this is when Ms. Quirk</p> <p>7 indicates that TVA is not going to close</p> <p>8 without NRC approval of construction of</p> <p>9 permits?</p> <p>10 A. Correct.</p> <p>11 Q. Or transfer of the construction</p> <p>12 permits, correct?</p> <p>13 A. Approval of transfer, correct.</p> <p>14 Q. And if you look in the second</p> <p>15 paragraph of the letter, the one that begins:</p> <p>16 This conclusion is confirmed by an opinion of</p> <p>17 TVA's outside nuclear licensing counsel. Do</p> <p>18 you see that?</p> <p>19 A. Uh-huh.</p> <p>20 Q. Is that a yes?</p> <p>21 A. Yes.</p> <p>22 Q. And then it says: That opinion</p> <p>23 concludes that should the parties proceed with</p>
<p style="text-align: right;">Page 184</p> <p>1 A. Correct.</p> <p>2 Q. And then Mr. Beach responded and</p> <p>3 said: Franklin provides Bill Johnson with a</p> <p>4 last minute extension proposal this afternoon</p> <p>5 that we are now considering. Do you see that?</p> <p>6 A. I see that.</p> <p>7 Q. Do you know what the last minute</p> <p>8 extension proposal was on November 28th?</p> <p>9 A. No, I don't.</p> <p>10 Q. All right. Then Mr. Beach says:</p> <p>11 As to the Atomic Energy Act issue that TVA has</p> <p>12 been raising with increasing concern in recent</p> <p>13 weeks, we did receive an unequivocal opinion</p> <p>14 from Pillsbury today opining that ND's</p> <p>15 acquisition of the site would be unlawful under</p> <p>16 the Act. The implications of this opinion are</p> <p>17 fairly obvious. Do you see that?</p> <p>18 A. I see that.</p> <p>19 Q. All right.</p> <p>20 (Whereupon, Exhibit Number 24,</p> <p>21 having been previously marked for</p> <p>22 identification, was referenced in</p> <p>23 this deposition.)</p>	<p style="text-align: right;">Page 186</p> <p>1 closing without ND holding the permits, ND's</p> <p>2 acquisition of the site would violate Section</p> <p>3 101 of AEA. Do you see that?</p> <p>4 A. Correct.</p> <p>5 Q. Then she says: From our</p> <p>6 discussions, we understand that ND's regulatory</p> <p>7 counsel is unwilling to provide a contrary</p> <p>8 legal opinion that closing would, in fact, not</p> <p>9 violate the AEA. Do you see that?</p> <p>10 A. I see it, yes.</p> <p>11 Q. And you had told her that,</p> <p>12 correct?</p> <p>13 MR. O'REAR: Objection.</p> <p>14 A. No. What I told her was it was</p> <p>15 unlikely we would get an opinion from the NRC.</p> <p>16 Because what she asked me was specifically --</p> <p>17 and stated to me, we would need an opinion from</p> <p>18 the NRC in order to close this transaction.</p> <p>19 And I told her something along the lines of</p> <p>20 it's not very easy to get an opinion from the</p> <p>21 NRC.</p> <p>22 (Whereupon, Exhibit Number 25,</p> <p>23 having been previously marked for</p>

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<p>1 identification, was referenced in 2 this deposition.) 3 Q. All right. Then, let me show you 4 what has been previously marked as Exhibit 25. 5 And this is essentially an email transmitting 6 the letter you sent to Sherry Quirk on November 7 30th, correct? 8 A. Correct. 9 Q. In response to her letter of the 10 29th, correct? 11 A. Right. 12 Q. And if you look at the second 13 page, in the paragraph beginning in addition? 14 A. In addition. 15 Q. Which is the third paragraph. 16 A. Okay. 17 Q. All right. The third sentence of 18 that paragraph says: ND and its expert, Tim 19 Matthews of Morgan, Lewis &amp; Brockius, LLP, 20 believes that Section 101 is not applicable 21 here. We supplied you with his outline setting 22 forth his reasoning. Do you see that? 23 A. Correct.</p>	<p>1 think it was December, in which we met with Mr. 2 Shea. And my assumption from the contracts, 3 particularly 1(e), was that the application for 4 transfer of the license was going to be 5 prepared by TVA and specifically by the 6 regulatory people of TVA which were headed by 7 Mr. Shea. 8 So I scheduled a meeting and flew 9 down to Chattanooga and met with Mr. Shea. Mr. 10 Shea lectured me on why I was wrong in the 11 sense of that it was not TVA's responsibility 12 to prepare a license transfer application and 13 basically said I'm not going to have anything 14 to do with it. I think he even said somebody 15 told me I wasn't supposed to have anything to 16 do with this. But, you know, the fact is he 17 got across very clear to me that he was not 18 going to cooperate with the application for 19 transfer. And I made that assumption. 20 Then we had several other 21 situations where we tried to get cooperation 22 with licensing situations on the permit. One 23 of them you showed me which was the extension</p>
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<p>1 Q. And by that you were referring to 2 the document we were looking at a minute ago 3 which was the attachment to Exhibit 19, 4 correct? 5 A. The Regulatory Path Forward, 6 right. 7 Q. All right. Then in the numbered 8 paragraph two -- 9 A. Number two, okay. 10 Q. -- the first paragraph of that 11 section, about halfway through it, do you see a 12 sentence beginning: When met with your 13 licensing people? 14 A. Yes. 15 Q. You write: When met with your 16 licensing people and long after the agreement 17 was signed to try to coordinate with them 18 getting this done, ND was rebuffed. What are 19 you talking about there? 20 A. Well, I'm talking about a meeting 21 with Mr. Shea, first meeting in December or 22 January right after the agreement was signed, 23 near December of 2016 or January of 2017, I</p>	<p>1 of the permit on Plant 2. A second one was an 2 extension of the date for completion on Plant 3 1. Both of which TVA -- and this was TVA's 4 legal, by the way, because Mr. Shea didn't take 5 part in that, TVA's legal said we will not do 6 this. And that's what I am referring to. We 7 never got any cooperation from TVA in regard to 8 the processing of these permits. 9 Q. Well, the extension on -- are you 10 saying that TVA's decision not to send the 11 letter on the Unit 2 extension that ND had 12 requested in some way impeded Nuclear 13 Development's ability to submit its application 14 for transfer of the construction permits? 15 A. That's not what I'm saying. 16 (Reporter interruption.) 17 A. That's not what I'm saying. 18 Q. All right. And, in fact, that 19 issue didn't have anything to do with the 20 application for transfer of the construction 21 permits, did it? 22 A. Well, part of the application for 23 transfer of the construction permits is to</p>

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<p>1 explain the status of the construction permits.  2 So I would say that's not true, but it  3 didn't -- it didn't impede. It's just  4 evidence -- one more piece of evidence of what  5 I just said here which is we never got any  6 cooperation from TVA on the construction  7 permits.  8 Q. Well, didn't Mr. Vance indicate to  9 you that if you could -- if you wanted to raise  10 it above his level, you could?  11 A. I believe he did.  12 Q. And you didn't raise it with  13 anyone above his level, correct?  14 A. No.  15 Q. All right. And then you said that  16 there was some request relating to the  17 expiration date on Unit 1?  18 A. Yes. They wanted to extend out  19 the construction completion date on Unit 1.  20 Q. Who did?  21 A. We did, Nuclear Development.  22 Q. All right. And was some request  23 made to TVA?</p>	<p>1 Q. Have you seen the writing?  2 A. I have seen the request.  3 Q. All right. But you can't remember  4 who it was to?  5 A. No. I could probably look at the  6 request and tell you, but I don't remember at  7 this date of who it was to.  8 Q. And when was that request made?  9 A. I believe it was made prior to the  10 number two request, but I don't know exactly  11 the month or et cetera.  12 Q. And TVA's decision not to grant  13 that request did not impede Nuclear  14 Development's ability to submit an application  15 for transfer of the construction permits,  16 correct?  17 A. Not in my opinion.  18 Q. Now, you mentioned that you met  19 with Mr. Shea and -- did Mr. McCollum also  20 attend that meeting?  21 A. I don't believe so.  22 Q. So when, to the best of your  23 recollection, did this meeting occur?</p>
Page 192	Page 194
<p>1 A. A request was made to TVA.  2 Q. Who at TVA received that request?  3 A. I don't remember offhand.  4 Q. All right.  5 A. I think it was somebody in the  6 General -- it may have been Chandler. It was  7 somebody in General Counsel's office.  8 Q. And what was the specific request?  9 A. It was to extend the construction  10 date under the permit so it better met our  11 schedule of construction. The construction  12 date, I don't remember what it is, it's a  13 matter of record, but it was relatively soon,  14 you know, and it was suggested to us -- and I  15 didn't do the request, but it was suggested to  16 us and we made the request -- we being Nuclear  17 Development made a request to TVA to amend that  18 permit to extend out the construction date, and  19 we were told no.  20 Q. So you didn't make the request?  21 A. No, I didn't make the request.  22 Q. Was the request in writing?  23 A. Yes.</p>	<p>1 A. I believe it was December, it  2 could have been January, December of '16 or  3 January of '17. I could check flight records  4 and let you know, but that's the time period.  5 Q. And you were certainly aware that  6 almost all of the information needed for the  7 application of the construction permit was  8 going to have to come from Nuclear Development,  9 correct?  10 A. I wasn't aware of that at all.  11 Q. Well, you were certainly aware  12 that all of the information about technical  13 capability of Nuclear Development would have to  14 come from Nuclear Development, right?  15 A. I was aware of the two things that  16 were stated in 1(e) that were specifically not  17 the responsibility of TVA, which was technical  18 qualification and financial qualification. I  19 was of the assumption that was a relatively  20 small part of the permit extension request.  21 Q. And did you ever raise the issue  22 of what Mr. Shea had told you above his level  23 at TVA?</p>

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<p style="text-align: right;">Page 195</p> <p>1 A. If I did, it wasn't just to 2 complain. I don't think I raised that. 3 Q. All right. But ultimately Nuclear 4 Development made the decision to slow down its 5 preparation of the application for the 6 construction permit transfer, correct? 7 A. What does slow down mean? 8 Q. Well, were you aware that Nuclear 9 Development initially had intended to submit an 10 application for the construction permit 11 transfer by the middle of 2017? 12 A. I certainly was at one point in 13 time, yes. 14 Q. And you are aware that Nuclear 15 Development decided that it wanted to slow down 16 its expenditure of funds on that process and so 17 it extended out the time period at which it 18 planned to submit that application? 19 A. Well, I'm aware that we changed 20 our whole schedule in regard to this, is that 21 what you are asking me? Yes. 22 Q. Okay. 23 A. But not for those reasons.</p>	<p style="text-align: right;">Page 197</p> <p>1 Johnson going to sign off on the environmental 2 assessment? So I probably, with paranoia, made 3 some assumption that maybe this would never 4 occur. And I don't know why one would spend a 5 great deal of money until it did. 6 The second thing was we changed 7 our view as to whether we were going to 8 immediately give a hundred-and-twenty-day 9 notice after the closing. 10 Q. What do you mean by that? 11 A. Well, when you are in deferred 12 plant status, you have to give a 13 hundred-and-twenty-day notice to activate the 14 permit before you can do anything that would be 15 required for a permit. So our original 16 schedule here said that we would try to -- by 17 the end of '17, I believe, we would try to 18 complete the -- in order to get the 19 hundred-and-twenty-day notice, of course, you 20 have got to have the permit activated. So -- 21 transferred not activated, I'm sorry. 22 So we had scheduled originally 23 that we wanted to immediately after we closed</p>
<p style="text-align: right;">Page 196</p> <p>1 Q. Well, what reasons do you say the 2 schedule changed? 3 A. Well, the schedule changed for one 4 reason because we did not get the environmental 5 clearance from Mr. Johnson until August of 6 2017. There was an absolute out in this 7 contract on TVA's behest at Mr. Johnson's total 8 discretion as to whether he was satisfied with 9 the environmental assessment and would sign 10 off. And it didn't have anything to do with 11 what was in the environmental assessment, it 12 was just absolute. And so I was of the 13 impression that we should not spend a great 14 deal of money on this issue until we -- and 15 that's really the regulations -- you have to 16 have some right to the plant to make an 17 application for a permit transfer. 18 So my view was that until that 19 happened -- and I was on the phone constantly 20 trying to find out from Sherry when is this 21 going to happen. When are you going to get the 22 environmental assessment? Now that you've got 23 the environmental assessment, when is Mr.</p>	<p style="text-align: right;">Page 198</p> <p>1 start construction. We didn't want to wait. 2 We wanted to do it because time is money. So 3 as a practical matter we had a schedule that 4 had like a one-year period to get the permit 5 transferred, then to give the one 6 hundred-and-twenty-day notice and at the end of 7 the one hundred-and-twenty-day notice, you are 8 entitled to commence construction under the 9 permit. 10 We did not stay with that idea, 11 because it turned out to be totally really 12 unfeasible. When we got all of the information 13 of the due diligence from TVA, it was not true 14 that they had engineering completed drawings, 15 particularly on Plant 2, for what had to occur. 16 So one of the things that we agreed with DOE on 17 and we proposed and changed our schedule was, 18 we will provide for a one-year or two-year 19 period that we do no work on the nuclear 20 island, and instead we develop packages for 21 engineering. 22 So it was no longer important to 23 us to have the plant permit transfer effective</p>

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<p>1 by the closing date, because it didn't mean</p> <p>2 anything in regard to our schedule. Our</p> <p>3 schedule had either, however you want to read</p> <p>4 it, one-year or two-year period to put together</p> <p>5 engineering package, bid the construction, et</p> <p>6 cetera, when we were going to do no work that</p> <p>7 required a permit. So that's the two changes</p> <p>8 that occurred in regard to this.</p> <p>9 MR. O'REAR: Let me just -- that</p> <p>10 was a long answer, but you do need to slow down</p> <p>11 --</p> <p>12 A. Okay.</p> <p>13 MR. O'REAR: -- so the court</p> <p>14 reporter can pick it all up.</p> <p>15 Q. (BY MR. LEMBKE:) When did you</p> <p>16 make that -- or let me start over.</p> <p>17 You said you communicated to DOE</p> <p>18 that there was going to be a one- or two-year</p> <p>19 delay period built in before the</p> <p>20 hundred-and-twenty-day notice was given?</p> <p>21 A. (Nodding head affirmatively.)</p> <p>22 Q. When was that done, meaning when</p> <p>23 was that communication had with the DOE?</p>	<p>1 reasonable. They said you are not going to --</p> <p>2 you are not going to complete it in the time</p> <p>3 period you're talking about. You're going to</p> <p>4 put an engineering period ahead of it.</p> <p>5 Q. When you said the materials from</p> <p>6 which you drew this conclusion were in the due</p> <p>7 diligence package, what are you talking about?</p> <p>8 What due diligence package?</p> <p>9 A. Well, Mr. Chardos and his team</p> <p>10 provided us an enormous amount of information</p> <p>11 from TVA in regard to the prior studies of</p> <p>12 reactivating this plant. We had I don't know</p> <p>13 how many different engineering studies, cost</p> <p>14 estimates and et cetera. And -- primarily</p> <p>15 Frank went through those, but Bill McCollum did</p> <p>16 some of that too and we hired engineers, as you</p> <p>17 heard, to go through all of that. And the</p> <p>18 conclusion was you are not going to be able to</p> <p>19 get fixed pricing based on what TVA has. So</p> <p>20 you are going to have to do some of your own --</p> <p>21 and very elaborate time period -- engineering</p> <p>22 here in order to be able to do that, or you can</p> <p>23 do I guess a design and build, which is what</p>
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<p>1 A. I don't know, part of that came</p> <p>2 from the DOE. We hired MPR as our independent</p> <p>3 engineer. And one of the conclusions of MPR</p> <p>4 when everybody went through the due diligence</p> <p>5 packages here was that we needed more</p> <p>6 engineering design. And we even came to this</p> <p>7 conclusion also in the early part of this</p> <p>8 thing. That we needed the time period to do</p> <p>9 this in order to get fixed bids. We wanted to</p> <p>10 have guaranteed bids, closed price bids,</p> <p>11 because that had been the problem -- caused</p> <p>12 problems with other nuclear plants. And we</p> <p>13 were told in order to do that, more work is</p> <p>14 necessary. Despite all of the work done by TVA</p> <p>15 when they were going to reactivate this plant,</p> <p>16 they don't, in fact, have complete packages for</p> <p>17 this, so you need to get that done. And so we</p> <p>18 decided to do that. I didn't decide that, but</p> <p>19 people dealing with the issue decided that.</p> <p>20 We were under some pressure once</p> <p>21 the engineer's report came in to change our</p> <p>22 schedule with DOE for the construction period.</p> <p>23 Because they didn't believe that it was</p>	<p>1 has happened with the other plants and it has</p> <p>2 been a disaster.</p> <p>3 Q. And when did you get those due</p> <p>4 diligence materials?</p> <p>5 A. They came -- they didn't come at</p> <p>6 one time.</p> <p>7 Q. When did they start?</p> <p>8 A. Probably at least in the mid-'17</p> <p>9 period.</p> <p>10 Q. Do you know what conversations Mr.</p> <p>11 Matthews and Mr. Chandler had -- let me strike</p> <p>12 that.</p> <p>13 Were you on any conversations with</p> <p>14 Mr. Matthews and Mr. Chandler about TVA</p> <p>15 submitting a consent letter to the transfer of</p> <p>16 the construction permit application?</p> <p>17 A. I don't believe I was in any</p> <p>18 conversations about it.</p> <p>19 Q. So if -- all right. You were not</p> <p>20 party to any conversations that those two had</p> <p>21 about that topic?</p> <p>22 A. Well, do you consider -- once</p> <p>23 again we have the issue, do you consider emails</p>

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1 conversations?

2 Q. No, I am talking about  
3 face-to-face or telephone conversations.

4 A. I don't believe I was.

5 Q. All right.

6 MR. LEMBKE: I don't have any  
7 further questions.

8 MR. O'REAR: No questions.

9 MR. LEMBKE: Thank you, Mr. Blust.

10 THE VIDEOGRAPHER: This concludes  
11 the deposition. We are going off the record at  
12 11:03 a.m.

13

14 FURTHER THE DEPONENT SAITH NOT

15

16

17 (Deposition was concluded at 11:03 a.m.)

18

19

20

21

22

23

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1 C E R T I F I C A T E

2

3 STATE OF ALABAMA

4 JEFFERSON COUNTY

5

6 I hereby certify that the above  
7 and foregoing deposition was taken down by me  
8 in stenotypy, and the questions and answers  
9 thereto were reduced to typewriting under my  
10 supervision, and that the foregoing represents  
11 a true and correct transcript of the deposition  
12 given by said witness upon said hearing.

13 I further certify that I am  
14 neither of counsel nor of kin to the parties to  
15 the action, nor am I in anywise interested in  
16 the result of said cause.

17

18

19

20 /s/ Gail B. Pritchett

21 COMMISSIONER-NOTARY PUBLIC

22 ACCR LICENSE NO. 116, Exp. 9/30/2020

23 Transcript Certified On 11/25/2019



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**Larry Blust****11/14/2019**

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## **DEPOSITION EXHIBIT**

**42**



## Message

**From:** Larry D. Blust [lblust@HSPLEGAL.COM]  
**Sent:** 8/18/2016 6:56:13 PM  
**To:** coneill@ceadvisors.com  
**CC:** Franklin Haney, Sr. [flh@flhcompany.com]; Frank Haney [frankhaney@flhcompany.com]; Bill McCullom [bill@wrmccollum.com]; Gloria Thurman [Gloria@flhcompany.com]  
**Subject:** FW:  
**Attachments:** Confidential Agmt Tennessee Valley TVA Buyer 8.18.16 Redline (00699593x9D9DD).docx; Confidentiality Agmt Tennessee Valley TVA Buyer 8.18.16 clean (00699547x9D9DD).doc

When I discussed with you that our client and its predecessor has been working with TVA on various proposals to complete the Bellefonte plants since at least 2001 and as a result had some problems with your draft confidentiality agreement, you suggested that I submit a revision to take care of those concerns. Such a revision is attached together with a redline showing the changes from the draft you sent out.

Most of the changes are self-explanatory but briefly the changes and the reasons for them are as follows:

1. In section 3, we deleted c barring disclosure of the Transaction and Nuclear Development's ("ND") participation in it. You have publicized this transaction and ND was the main party urging TVA to dispose of the Site so ND could complete the plants once TVA determined it would not complete these plants. As part of this process, ND has contacted various interested government officials and legislators and met with DOE, NRC, IRS and other governmental agencies and customers and suppliers of TVA about the feasibility and financing of the project. Our client's supporters periodically make requests for updates as to the disposition process. In addition, ND has applied for a DOE guaranteed loan under the program for advanced nuclear facilities and must be able to inform DOE where it is in the process. It is naïve to assume that this transaction or our client's participation in it is confidential. Similar changes were made to section 8.
2. We added new sections 10(a) & (b) dealing with ND's existing confidentiality agreement with TVA. In 10(b) we extended the permission in the amendment to that agreement to disclose information to DOE in regard to ND's pending loan application to the documents provided by TVA pursuant to this Agreement.
3. As we discussed, we added a 109c) making the confidentiality provisions mutual. Unlike some potential bidders, our client is an SPE formed just for this transaction by a wealthy family whose assets and activities are and always have been very private. In order to complete the Request for Qualification Information, our client needs to assure that its response will be confidential. In section 12 (formerly 11), we excepted out our client's existing exclusive arrangements and any new arrangements ND may make in regard to completing the plants as opposed to just acquiring the Site. Our client has to be able to make these arrangements before it acquires the Site.

If these changes are acceptable, please have the Confidentiality Agreement signed by a TVA representative and returned to me. I will secure Mr. Haney's signature and send you back a fully executed copy and our client's completed Request for Qualification Information. If you have any questions about or issues with these changes, please call me

**From:** Juanita Crudup  
**Sent:** Thursday, August 18, 2016 11:53 AM  
**To:** Larry D. Blust <lblust@HSPLEGAL.COM>  
**Subject:**



CONFIDENTIAL

ND\_004966



**Juanita Crudup**, *Legal Assistant*  
HUGHES SOCOL PIERS RESNICK DYM, LTD.  
70 W. Madison St., Suite 4000  
Chicago, IL 60602  
Dir 312.604.2682 Fax 312.604.2683  
[jcrudup@hsplegal.com](mailto:jcrudup@hsplegal.com)   

## **DEPOSITION EXHIBIT**

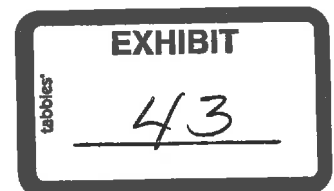
**43**

Message

**From:** Larry D. Blust [lblust@HSPLEGAL.COM]  
**Sent:** 9/9/2016 7:50:02 PM  
**To:** Carrie O'Neill [coneill@ceadvisors.com]  
**CC:** Franklin L. Haney (flh@flhcompany.com) (flh@flhcompany.com); Frank Haney [frankhaney@flhcompany.com]; Bill McCollum [bill@wrmmccollum.com]  
**Subject:** Emailing - Confidential Indicative Bid Nuclear Development (00703998x9D9DD).pdf  
**Attachments:** Confidential Indicative Bid Nuclear Development (00703998x9D9DD).pdf

Attached is Nuclear Development LLC's Indicative Bid. This follows the organization in and contains the material required by your September 2, 2016 letter to me rather than the Offering Memo. The material requested in the Offering Memo is slightly different than that requested in your letter. The major substantive difference is the request in the offering memo for what additional due diligence is required. That is not in your letter and is more appropriately done in regard to negotiating a contract in any event since what is relevant to us is unlikely in most cases to be relevant to other bidders..

Please call me if you have any questions. Please confirm receipt of this.



CONFIDENTIAL

ND\_005048

CONFIDENTIAL

Indicative Bid  
Nuclear Development, LLC ("ND")

1. Buyer Group Contract.

Questions regarding clarification of the Indicative Bid should be directed to:

Larry D. Blust  
Phone: 312 604-2672  
Cell: 312 524-6218  
Email: [lblust@hsplegal.com](mailto:lblust@hsplegal.com)

2. Buyer Group and Ownership Structure.

The bidder is Nuclear Development, LLC ("ND"). ND was formed in 2012 by Franklin L. Haney as a special purpose entity to acquire, finance, complete and operate the two partially completed nuclear plants at the Bellefonte Nuclear Station near Hollywood, Alabama.

Currently, Franklin L. Haney is the sole member and manager of ND. Officers with authority to act for it under the manager's direction are Franklin L. Haney, Jr. President, William R. McCollum, Vice President Nuclear Operations, and Larry D. Blust, Secretary and General Counsel.

ND is a special purpose entity ("SPE") formed exclusively for this transaction and will be the buying entity. The type of financing ND plans to use for the estimated \$13,370,625,000 cost of the project requires an SPE to insulate risks for the lenders and investors. ND's current ownership structure is shown on Exhibit A. As soon as ND has been approved as the successful bidder for the BLN site, ND will be expanded as indicated in Exhibit A in order to raise the required equity and debt.

The BLN reactor designs have been certified by DOE to constitute Advanced Nuclear Facilities as defined in Title XVII of the Energy Policy Act of 2005 for the purpose of qualifying for production tax credits under Internal Revenue Code Section 45J and for qualifying for a DOE guaranteed loan under Title XVII. ND applied for and has been awarded tax credits worth approximately \$1.0 billion for each plant. ND has gone through Phase I of the DOE loan application process and has been determined to be eligible for such a loan. ND applied for a \$10.6 billion loan but a second phase of DOE due diligence is required before DOE decides whether to award a loan and in what amount, which is discretionary with DOE.

The type of equity and financing to be used for this project means that the providers of the securitized equity and securitized debt will not be known until such funds are raised, which will be after the closing of the purchase of the property. These parties, who are likely to be institutional or private equity funds, will be merely passive investors in any event. The Haney family, who have already funded over \$5.0 million in front end costs, will remain the residual equity holders

in ND. When the tax credit funds are raised, the ownership may be split into two SPEs as shown in Exhibit A to accommodate the tax credit investors.

3. Advisors. Mr. Blust's law firm is assisting in the transaction, as is Mr. McCollum's consulting firm. In addition, investment advisors and engineering firms provided advice in regard to the DOE guaranteed loan application. After ND acquires the site, other advisors may be retained in regard to the project.

4. Indicative Bid Form.

The following is the completed indicative bid form:

A. Overview and End Use.

ND plans to acquire the site to complete the two partially completed nuclear power plants and to operate these plants as merchant power plants connected to the grid through the existing transmission lines of the TVA and Southfern Companies. The plants are comprised of two Babcock and Wilcox 205 advanced design pressurized water reactors. This design has never been fully licensed and operated in the United States. The Bellefonte units have NRC construction licenses and when completed and in operation will have a 1250 MW name plate capacity and will be the largest capacity advanced reactors in the United States.

B. Purchase Price. \$36.4 million. Per TVA's appraisal, the BLN site has no value to a purchaser that wishes to complete the plants for their intended use as nuclear power plants due to the risk and large additional investment required. However, ND promised TVA that it would initially bid the amount the appraisal found the value of the site to be for other uses so that TVA could not be accused of disposing of the property for less fees than its land value regardless of use. While ND expected that value to be lower given the demolition and other costs which would be required for any other use, ND is honoring this commitment.

C. Property Taxes. ND has made no arrangements with host communities regarding property taxes. ND's proposed use of the site will result in the site's highest assessed valuation for property tax purposes by a large multiple over other uses since ND is budgeting spending \$13.4 billion on the plants. ND would expect to discuss some real estate tax incentives with the host communities at some future time in light of the tremendous benefits this use will provide to local communities in addition to real estate taxes.

D. Committed Future Investments. With the required approvals and financing, ND will be committed to future investment of the cost of completion which is presently budgeted at \$13.4 billion over the next 4 to 6 years.

E. Description of Committed Future Investments. The above committed future investments are conditioned only on the same conditions required for ND to close the acquisition of the site. They are approval by the NRC of the transfer of the existing construction licenses to ND and commitments for either the DOE guaranteed loan of \$10.6 billion or other debt financing acceptable to ND. Unlike with possible bidders for other uses, who may be dependent on sales demand for commercial, industrial or residential property development in order to provide any



substantial benefits to the local communities, these expenditures will be committed to when the license transfer is approved and the debt committed.

Based on similar size U.S. nuclear projects, the project will create 8,000 to 10,000 direct and indirect construction jobs during the period of peak construction. Most of these workers will come from other locations creating a need for housing, restaurants, recreation facilities and other support facilities in the local communities.

The project will create approximately 2,400 direct and indirect permanent jobs, most of which will be high paying, including those involved in operation, maintenance and support as well as personnel required for refueling and maintenance outages. The positive ongoing economic impact to the surrounding region will exceed \$1.0 billion per year. The Alabama Governor's economic development experts view this project as the single largest potential economic development project in Alabama. The likely useful life of these two plants when completed is 60 years. This compares to roughly 20 years for a combined cycle natural gas plant of similar capacity which would also provide far fewer jobs. Other possible uses are likely to provide only a nominal amount of jobs and at lower wages than construction or operation of a nuclear plant. Thus, the benefit of providing employment is not only much greater in numbers and dollars than alternative possible uses, ND's proposal would provide multi-generational economic stability to the area, unlike any other likely proposals.

F. Other Value. In addition to the high value construction and operation of these nuclear plants would provide to the local communities and the state of Alabama, TVA should consider that having a long-term source of base power should TVA need it is a tremendous advantage to TVA. TVA's latest IRP does not conclude that TVA will never need the additional base power which would be produced from these plants at an attractive and non-fluctuating cost. In fact it concludes that substantial additional base power will be needed by the time these plants would be operational and over their 60 year likely operating life. It simply concludes that TVA should buy this additional power rather than fund and own the generating capacity.

No other possible use can provide this benefit. Natural gas, while cheap presently has historically not only commanded substantially higher prices, but has been subject to large spikes in the price of natural gas. If the proposals presently being considered for export of LNG to Europe and Asia come to pass, use of natural gas as a fuel for long-term base power needs is likely to cause large rate increases. In addition, a large combined cycle gas plant is capable of operating at only 50% to 70% of capacity as opposed to 90% to 95% for a nuclear plant and generally requires replacement or substantial rebuilding approximately every 20 years. Moreover, natural gas causes carbon emissions equal to 30% to 50% of a coal plant while nuclear causes no such emissions. Assuming that the current proposed "Clean Power" EPA regulations or something else to cause the U.S. to meet its international commitments to carbon emissions reduction ultimately becomes effective, these nuclear plants will aid TVA and the various states, particularly Alabama, to meet carbon reduction requirements in the most attractive way.

Comparing completing these plants to renewable energy such as solar or wind on this site is like comparing apples and oranges. Renewable power cannot provide reliable base power and generally requires subsidies to be price competitive.

Non energy uses will, of course, provide no collateral benefits to TVA despite its substantial prior costs.

This collateral benefit of a merchant owner completing the plants will inure to TVA without any commitments from TVA or conditions.

G. Financial Resources.

As to the purchase of the site, ND has available from the Haney family sufficient cash to pay the bid price. It is not in a position to do so without having the licensing approval and financing approvals discussed under item 5 below, however, since the BLN site is worth nothing to ND unless it has the ability to complete the two plants.

The more complicated challenge is to finance the estimated \$13,370,625,000 cost of the project. To do this, as soon as ND has been approved as the successful bidder for the site and has committed debt financing, ND will start raising securitized equity/debt from institutional and private equity players. The Haney family has already expended over \$5 million on the Bellefonte project which is not included in the \$13.4 billion figure above. The Haney family will leave this equity in ND and is likely to invest additional funds.

The currently projected funding for the entire project is as follows:

	<u>In billions</u>
DOE guaranteed loan	\$10.6
Securitized subordinate debt/equity to be taken out by tax credit investors	2.0
Balance of securitized equity/debt	<u>.8</u>
Total	\$13.4

The ratio of debt to equity is contemplated to be 79%/21%. ND's projections indicate the ability to pay more than the \$10.6 billion debt with sufficient coverage ratios.

In regard to the DOE guaranteed loan and the financing backed by tax credits, the plants have already been certified by DOE to constitute Advanced Nuclear Facilities as defined in Title XVII of the Energy Policy Act of 2005 for the purpose of qualifying for production tax credits under Internal Revenue Code Section 45J and for qualifying for a DOE guaranteed loan under Title XVII. ND applied for and has been awarded tax credits worth approximately \$1.0 billion for each plant. ND has gone through Phase I of the DOE loan application process and has been determined to be eligible for such a loan. ND applied for a \$10.6 billion loan but a second phase of DOE due diligence is required before DOE decides whether to award a loan and in what amount, which is discretionary with DOE.

As part of the DOE second phase application process, ND is required to obtain a shadow rating from a national credit rating agency based on projected revenue without credit enhancements. ND assumes that this rating is likely to be BB or slightly lower. If for some reason, DOE declines to offer a loan commitment to ND, or ND for some reason rejects DOE'S terms,

this shadow rating should allow ND to raise replacement securitized debt albeit on more onerous terms.

The above \$13.4 billion amount includes all future project costs to completion including environmental and regulatory.

ND does not anticipate initially having or requiring credit support since the DOE loan guarantee of the Federal Financing Bank loan is intended to alleviate the need for credit enhancement. Later on, however, ND would expect to have financeable power purchase contracts for a substantial amount of the power generated.

#### 5. Mark Up to Commercial Terms

Because of the unique nature of ND's proposal, ND would require the following changes to TVA's initial commercial terms as stated in its offering memo:

##### A. Excluded Assets.

Basically in order to complete these plants on a timely basis, ND needs to step into TVA's shoes as to both on-site and off-site project assets. As to the excluded assets discussed in the offering memorandum:

(1) Steam Generators. It is essential to ND's ability to timely complete these plants that ND receive the two substantially complete steam generators and step into TVA's shoes in regard to TVA's contract for the Plant 2 steam generators by assuming TVA's rights and obligations in regard thereto. ND would not expect to increase its purchase price as a result as requested. ND would end up paying the manufacturer for the Plant 2 generators per the contract. As to the substantially complete generators for Plant 1, ND understands that they were manufactured specifically for this plant and thus have no value to TVA greater than their scrap value. No other bidder is likely to want these generators so, in essence, ND would be paying TVA more for the same property than anyone else if it added a separate amount for the generators.

(2) Training building and storage facility on pole yard. ND believes it needs fee ownership of these facilities both for its operation of the plants and for licensing purposes. ND is willing to enter into an agreement with TVA for TVA's access and use, however.

(3) FF&E. ND would expect TVA to leave any furniture and fixtures. TVA can remove any computers and phones if it desires. As part of the sale, however, ND requires all the programming, data, and records relating to the project. Thus, it might be more efficient for some or all of the computers to be transferred. This is a minor issue with numerous possible negotiated solutions.

(4) 250 acres of buffer land and closed dumps. ND has no desire to own these unless required for regulatory purposes. In any event, ND would not build on this assuming the survey shows it is outside the part of the site used for the plants and access thereto.

(5) Transmission Lines. ND assumed that the transmission lines dedicated to the plant would be transferred but ND has no problem with TVA retaining them so long as TVA enters into an interconnection agreement providing for their maintenance and use by ND and for any required upgrades at ND's cost.

(6) Licenses and Contracts. ND expects TVA to transfer all licenses and assignable contracts as proposed in the offering memo. See discussion below as to transfer of licenses.

B. Closing Conditions.

ND has no problem with the requirement to sign a purchase and sale agreement and deposit 20% of the purchase price within 48 hours of auction completion provided such a contract can be negotiated prior to auction completion. However, the closing itself and payment of the purchase price must, in addition to environmental clearance, be conditioned on NRC approval of the transfer of the existing construction licenses and ND receiving a written commitment for financing of the completion costs.

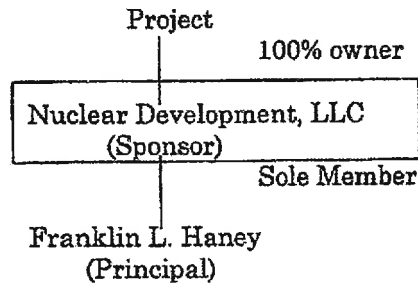
In regard to a loan commitment, ND as required submitted a written term sheet to DOE as part of its application. A commitment on these terms or similar in the amount of \$10.6 billion would satisfy this condition as would a commitment for securitized debt on comparable terms.

There is no reason why these conditions should be detrimental to TVA. As discussed above completion of these plants is by far the site's most desirable use as far as both the local community and TVA are concerned. While it is possible that ND might never be able to satisfy these conditions, ND is fairly far along in the process and as far as it can get without an agreement with TVA to acquire the plants. If these conditions were to prove unattainable, TVA can simply go back to any other bidding parties and negotiate a sale. These other possible uses will always be available; this is probably TVA's only chance to secure completion of the plants for the use originally planned which is the best possible outcome for all stakeholders. It is difficult to imagine how TVA would be damaged by accepting these conditions.

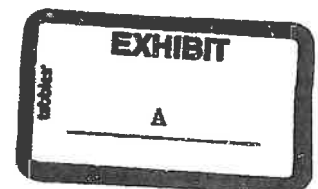
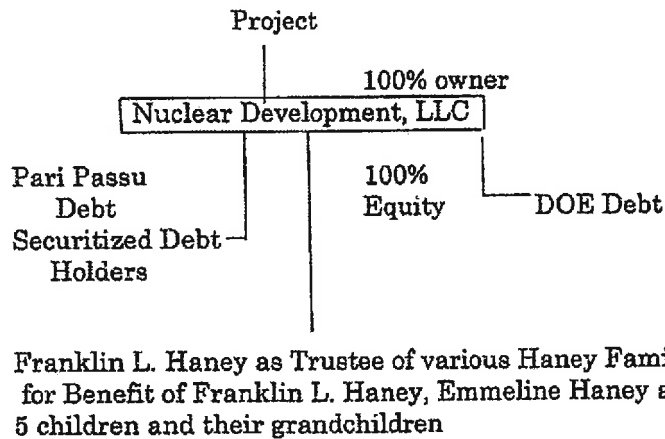
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Bellefonte, I. C. Organization (Corporate and Personnel). 1. V1. pdf

Organizational Chart  
(Current)



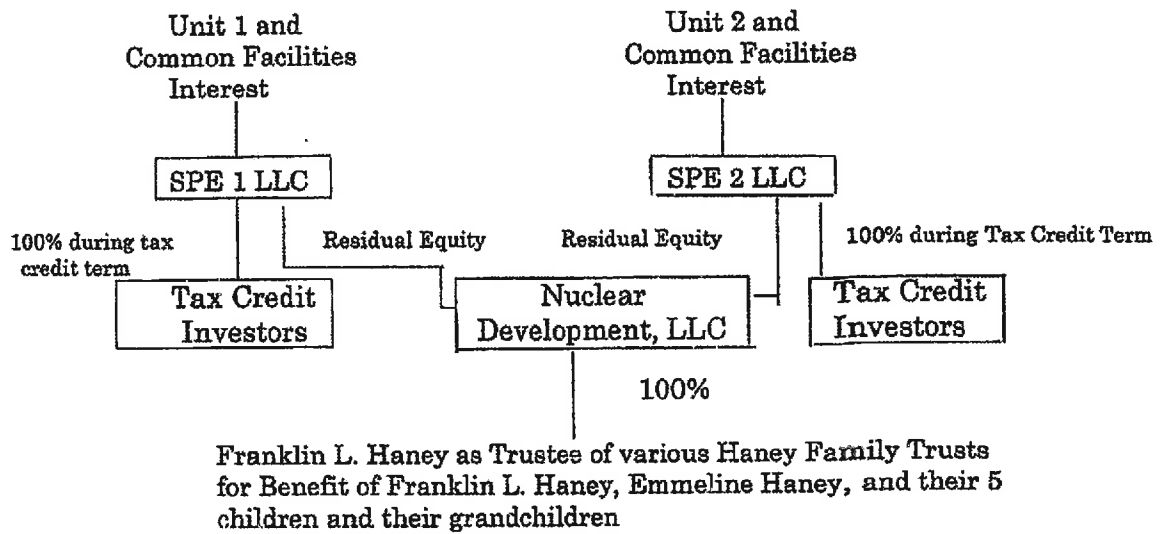
Organizational Chart  
(On Entering Into Definitive Agreement)



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ND\_005055

Possible Future Organization Chart  
(on Split into 2 Projects to  
Accommodate Tax Credit Investors)





## **DEPOSITION EXHIBIT**

**87**

Enclosure 2



## Larry D. Blust

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[lblust@hsplegal.com](mailto:lblust@hsplegal.com) (<mailto:lblust@hsplegal.com>)

70 W. Madison Street Suite 4000, Chicago, Illinois 60602

Larry Blust became a Partner of Hughes Spool Peiper Resnick Dym, Ltd. in 2014. Mr. Blust has been in private practice since 1988, except for three years during which he served as a Staff Judge Advocate and Military Judge in the U.S. Air Force. Mr. Blust has extensive experience in virtually every area of corporate, tax, wealth, and real estate law. Specifically, Mr. Blust practices in the areas of mergers and acquisitions, tax reporting, consulting and controversies, gaming transactions, taxable and tax exempt bonds, infrastructure financing, other types of financing, fund structures, maritime matters, tax credits, entity structuring, wealthy family representation, and real estate law. Mr. Blust has also conducted a tax dispute practice in federal and state courts.

Prior to joining HSPRD, Mr. Blust was a partner at Barnes & Thornburg, where he served as the head of its Chicago Corporate and Business Department. Prior to that, Mr. Blust was a partner at Jenner & Block where he was the head of the transitional Tax Department for over 20 years and was on the firm's Management Committee for 35 years.

Prior to receiving his law degree, Mr. Blust received a degree in accounting and an Illinois CPA Certificate and worked for PriceWaterhouseCoopers.

### EDUCATION

- University of Illinois College of Law (J.D. 1968)
  - Valedictorian
  - University of Illinois Law Review
- University of Illinois at Urbana - Champaign (B.S. Accounting 1965)
  - Co-valedictorian

### ADMISSIONS

#### BAR ADMISSIONS

- Illinois (1968)

#### COURT ADMISSIONS

- Illinois Supreme Court
- U.S. Court of Appeals for the Seventh Circuit
- U.S. District Court for the Northern District of Illinois—Trial Bar
- Tax Court
- Court of Federal Claims

### PROFESSIONAL RECOGNITION

- AV Preeminent™ Rating by Martindale Hubbell
- Selected by peers as Super Lawyer® (2005 to Present)
- Selected by peers as Leading Lawyer in the areas of Closely & Privately Held Business Law, Corporate Finance Law, Gaming and Casino Law, Mergers & Acquisition Law, and Tax Law; Business
- Law Member of Illinois CPA Board of Examiners (1978–1981)

EXHIBIT

tabbles

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ND\_004817

Enclosure 2

**MEMBERSHIPS/ ASSOCIATIONS****CIVIC / COMMUNITY**

- ▶ Member, Board of Directors, Bailiwick Chicago
- ▶ Founding Director, Wisdom Bridge Theatre (a not-for-profit theater)
- ▶ Founding Director, Chicago Moving Company (a not-for-profit dance company)
- ▶ Former Member, Board of Directors, Victory Gardens Theatre
- ▶ Former Chairman of Operation & Finance Committee and Member, Board of Directors, Augustana Hospital
- ▶ Former Member, Board of Directors, Lutheran General Hospital
- ▶ Former Member, Board of Directors, Lincoln Park Conservator Association
- ▶ Former President and Member, Old Town Triangle Association
- ▶ Member, Neighborhood Urban Renewal Advisory Board by appointment of Mayor Byrne and Mayor Daley
- ▶ Mr. Blust has also been active in Chicago neighborhood organizations and in zoning and planning matters

**MERGERS AND ACQUISITIONS**

Mr. Blust represents buyers and sellers in M&A transactions, including complicated tax structuring and cross border

transactions. Some of his specialized niche areas are tax -exempt entity acquisitions and LLC acquisition structures minimizing tax on retained minority interests and Hart -Scott -Rodino filings. Recent transactions include:

- ▶ Sale of two consulting practices for large consulting firm
- ▶ Joint venture between state university and a publisher on financial index
- ▶ Acquisition of beer distributorship
- ▶ Sale of manufacturer with Canadian and European operations

**TAX REPORTING CONSULTING, AND CONTROVERSIES**

Mr. Blust represents taxpayers at the audit, appellate, administrative hearing, and court levels regarding federal income, estate, and excise taxes and state and local income, sales, use, and franchise taxes. Recent matters include:

- ▶ Settlement of TEFRA audit
- ▶ Settlement of Chicago lease and use tax matter at administrative hearing level
- ▶ Settlement of federal accumulated surplus tax case at appeals

In addition to representing taxpayers in controversies, Mr. Blust counsels on siting to minimize state and local taxes, handles unclaimed property audits and issues, develops structures for foreign clients for investments in the U.S. and negotiates and drafts tax reimbursement (secondment) agreements and tax allocation agreements regarding U.S. employees and operation located overseas. Mr. Blust also consulted for a former governor regarding Illinois tax legislation, including a possible gross receipts tax and regarding film tax credits.

**TAXABLE AND TAX EXEMPT BONDS**

Mr. Blust has acted as bond counsel, borrower's counsel, underwriter's counsel, issuer's counsel, and credit enhancer's counsel on virtually every type of tax exempt and taxable bond. He was a pioneer on 501(c)(3) and Indian bonds and various synthetic bond and credit enhancement structures. Recent taxable bond transactions include the financing of a number of failed condominium project loans for several community banks by taxable variable rate demand bonds credit enhanced by Federal Home Loan Bank back to back letters of credit.

Recent tax-exempt bond transactions include:

- ▶ Issuer's counsel on 2009 and 2010 Central DuPage Hospital bonds of \$90 million and \$2.40 million respectively
- ▶ Bond and borrower's counsel on \$50,000,000 re -credit enhancement of housing bonds

ND\_004818

Enclosure 2

- Several low and moderate income housing financings involving tax credits as well as tax exempt bonds

## INFRASTRUCTURE FINANCING

Mr. Blust represents developers in structuring and financing infrastructure projects under public/private partnerships such as a toll road as to which he has represented the owners in over \$2 billion in partnership financings and refinancings. In addition, he represented the same owners in \$1 billion of mezzanine financing based on excess rated debt service coverage.

Mr. Blust also represents one of the largest developers and financiers of federal and state office buildings in federal, state, and local government financings of buildings rented to government agencies in D.C. and other locations.

Mr. Blust is currently representing a client proposing to purchase and finance two partially completed nuclear reactors. This project also involves advanced nuclear facility production tax credits.

## **DEPOSITION EXHIBIT**

**88**

Message

**From:** Larry D. Blust [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=A3BEB81C98844ECB863088FDA63CFF42-LARRY BLUST]  
**Sent:** 10/3/2016 3:50:12 PM  
**To:** WILLIAMS Lee (AREVA) [Lee.Williams@areva.com]  
**Subject:** RE: P&S contract draft

Please don't send out string emails like this which includes our comments on P&S agreement.

**From:** WILLIAMS Lee (AREVA) [mailto:Lee.Williams@areva.com]  
**Sent:** Monday, October 03, 2016 10:10 AM  
**To:** Frank Haney <frankhaney@flhcompany.com>; john.debruin@aecom.com; Larry D. Blust <lblust@HSPLEGAL.COM>; bill@wrmccollum.com  
**Subject:** RE: P&S contract draft

To my knowledge, we have access to the docs needed. What is needed now is the authorization to proceed based on our estimate.

Lee

*H. Lee Williams*  
*Senior Vice President – IB-A Projects*  
AREVA NP  
*Office- 704-805-2065*  
*Cell - 704-617-1913*

**"Having just the vision's no solution; Everything depends on Execution."**

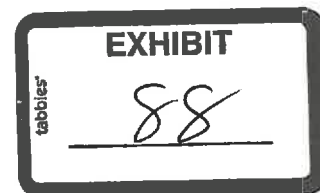
-- Stephen Sondheim,  
composer and lyricist

***The information in this e-mail is AREVA property and is intended solely for the addressees. Reproduction and distribution are prohibited. Thank you.***

**From:** Frank Haney [mailto:frankhaney@flhcompany.com]  
**Sent:** Monday, October 03, 2016 10:23 AM  
**To:** john.debruin@aecom.com; WILLIAMS Lee (IB); lblust@hsplegal.com; bill@wrmccollum.com  
**Subject:** Fwd: P&S contract draft

Did y'all get docs requested from my secretary from Tva except for cash flow items discussed below? If you need more let me know.

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ND\_005144



Frank

Sent from my iPhone

Begin forwarded message:

**From:** Natasha Carey <[natasha@flhcompany.com](mailto:natasha@flhcompany.com)>  
**Date:** October 3, 2016 at 10:11:49 AM EDT  
**To:** Frank Haney <[frankhaney@flhcompany.com](mailto:frankhaney@flhcompany.com)>  
**Subject:** RE: P&S contract draft

Frank,

It was sent to John Debrum, Larry Blust, Lee Williams, and Bill Mccollum.

Best Regards,  
Natasha Carey  
Executive Office Manager

Franklin L. Haney Company  
1250 Maryland Avenue SW, Suite 503  
Washington, DC 20024  
Tel: (202)479-1101  
Fax: (202)479-1106  
Email: [natasha@flhcompany.com](mailto:natasha@flhcompany.com)

---

**From:** Frank Haney  
**Sent:** Monday, October 03, 2016 10:00 AM  
**To:** Natasha Carey  
**Subject:** Fwd: P&S contract draft

Did you send all new Tva docs to AREVA and bill and Larry?

Frank

Sent from my iPhone

Begin forwarded message:

**From:** Carrie O'Neill <[coneill@ceadvisors.com](mailto:coneill@ceadvisors.com)>  
**Date:** October 3, 2016 at 9:47:07 AM EDT  
**To:** "Larry D. Blust" <[lblust@HSPLEGAL.COM](mailto:lblust@HSPLEGAL.COM)>  
**Cc:** Franklin Haney <[flh@flhcompany.com](mailto:flh@flhcompany.com)>, Frank Haney <[frankhaney@flhcompany.com](mailto:frankhaney@flhcompany.com)>, "[bill@wormccollum.com](mailto:bill@wormccollum.com)" <[bill@wormccollum.com](mailto:bill@wormccollum.com)>  
**Subject:** RE: P&S contract draft

Thank you, Larry. We can discuss these issues tomorrow. I have circulated them to the TVA team.

Frank,

I know TVA is still working to get you the cash flow items from the list you sent us last week. The other documents were posted to DataSite. Have you been able to get access to those? I just want to check with you again that you are not expecting to

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discuss any of those documents in detail tomorrow. Jim Chardos will be at the meeting, but no one else from the engineering group will be there. Also, many of the folks involved in Bellefonte for TVA are no longer at TVA.

See you all tomorrow,

Carrie

**From:** Larry D. Blust [<mailto:lblust@HSPLEGAL.COM>]

**Sent:** Sunday, October 02, 2016 5:53 PM

**To:** Carrie O'Neill <[coneill@ceadvisors.com](mailto:coneill@ceadvisors.com)>

**Cc:** Franklin Haney <[flh@flhcompany.com](mailto:flh@flhcompany.com)>; Frank Haney <[frankhaney@flhcompany.com](mailto:frankhaney@flhcompany.com)>; [bill@wormcollum.com](mailto:bill@wormcollum.com)

**Subject:** P&S contract draft

In order to facilitate the discussion under the second item of the second bullet in the revised meeting agenda, we have the following concerns and/or needs for clarification regarding the proposed purchase and sale contract:

A. What buying:

1. Recital C; 3(e); Deed 1B. The pole yard training center should be part of the property conveyed. We are willing to give TVA an easement for use as well as access as stated in our indicative bid.
2. 1(c); 9(a)(ii). The records should be part of the purchase price. Section 9(a)(ii) appears to provide the needed access preclosing so there is no reason these should only be provided post closing or at additional cost.
3. 1(d) Without Schedule 1(d) it is impossible to tell what contracts are being assigned and assumed. Of crucial importance is the contract for the generators/turbines. This issue is also related to 6(a)(vi) and Schedule 6(f) required consents. The last sentence of 1(d) should be eliminated and TVA should have an obligation to transfer these contracts with any consents required being a closing condition under 6(f) which can be waived by the buyer. In addition as to the generator contract and any other crucial contract there should be the normal saving clause that, if a required consent is not given, TVA will perform the post closing obligations at Buyer's expense and for its benefit.
4. 1(e). Similar to item 3 above, the last sentence of 1(e) stating that if the license transfer is not approved in 1 year, TVA no longer has an obligation to get it transferred needs to be eliminated and the transfer of the license needs to be a condition to closing by making approval of transfer a required consent in Schedule 6(h).
5. 3(a); Deed 1E. What are the large components to be removed? We need to see Schedule 1(d).
6. 3(d); 12(d); Deed 1C & D. What is the purpose of the two easements in (ii) & (iii) for the switchyard and fiber optic system and how does this affect our use?
7. 5(c)(ii). What electrical components need to be relocated off site and why should the Buyer pay for this?
8. Deed 1F & 2D & G. As we stated in the indicative bid, we need verification that the two flood plain restrictions do not interfere with the plants' operations.

## B. Reimbursable expenses:

1. 5(c). We cannot accept a requirement to reimburse "certain cost and expenses" which are defined only by certain items which are included. We agreed to pay for the appraisal and additional environmental work on closing but we never contemplated or discussed paying for surveys, administrative staff of TVA, Concentric payments, or "other associated administrative costs". These are customarily seller's costs of sale. What is your proposed cap?
2. 21. Section 21 provides that these costs will be paid by Buyer whether or not the transaction closes. This was not our understanding and makes no sense in that the TVA would get reimbursed even it was responsible for not closing.

## C. Closing Conditions:

1. 6(a)(vi). Assuming that Item A3 & 4 discussed above are required consents under 6(a)(vi), these items are taken care of.
2. 6(a)(i); 11(a)(iv)(B). This should be eliminated as to us since TVA should know now that this is true given the extra environmental work.
3. Additional conditions:
  - (a) As stated in our indicative bid, there needs to be a contingency for financing in the form of a DOE loan commitment acceptable to Buyer or an alternative commitment for \$10.6 billion.
  - (b) We should have the right to obtain a satisfactory title commitment and title insurance at our expense (even though this generally is a seller cost) since this will be a requirement for financing.
  - (c) A transmission agreement with TVA providing both for maintenance and use of the lines and for the right to upgrade them to get the power out of the facility to the nearest connection to the grid.

## D. Termination Provisions:

1. 11(a)(v)(A). This cannot work since there is no time period and thus should be eliminated leaving only the outside date in B. The parties should discuss if the time in B is adequate.
2. 11(c). This provision appears to be misdrafted since 11(a) (iv) do not relate to anything done by Buyer but are things outside the parties control.

## E. Drafting issues.

1. There is no section 11(b).
2. 16(a) refers to 13(a)(viii) which does not exist. I could not tell what this was intended to refer to.
3. In the Recitals to the P&S agreement and the deed there are elaborate and unnecessary references to the sales process. Not only are these the type of thing that should appear, if at all, only in resolutions, they are incorrect in stating that a public auction is required to sell this property. We sent TVA a white paper which clearly established that a private sale is authorized by the TVA Act and in fact has been used by TVA before in disposing of surplus property and that there are many types of public sales authorized by federal procurement regulations that do not resemble what is happening here. Moreover, it is our understanding that other factors than price were being considered as the requirement for additional investment in the deed clearly establishes. This recitation should be deleted. It seems to just give an objector a grounds for trying to challenge the deal.



**Larry D. Blust**, *Attorney*  
HUGHES SOCOL PIERS RESNICK DYM, LTD.  
70 W. Madison St., Suite 4000  
Chicago, IL 60602  
Dir 312.604.2672 Fax 312.604.2673  
[lblust@hsplegal.com](mailto:lblust@hsplegal.com)    

## **DEPOSITION EXHIBIT**

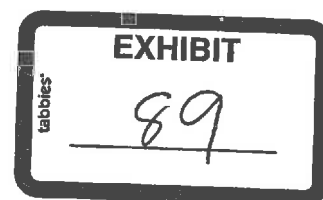
**89**

Message

**From:** Larry D. Blust [lblust@HSPLEGAL.COM]  
**Sent:** 10/18/2016 9:01:58 PM  
**To:** Carrie O'Neill [coneill@ceadvisors.com]  
**CC:** Franklin Haney, Sr. [flh@flhcompany.com]; Frank Haney [frankhaney@flhcompany.com]; Bill Mccollum [bill@wrmccollum.com]  
**Subject:** Emailing - O'Neill ltr 10.18.16 Bellefonote Purchase and Sale Agmt (00713615x9D9DD).pdf  
**Attachments:** O'Neill ltr 10.18.16 Bellefonote Purchase and Sale Agmt (00713615x9D9DD).pdf

Nuclear Development LLC ("ND") would like to accommodate your client's desire to have an auction in which all qualified interested parties willing and able to bid the \$36.4 million minimum purchase price bid on the same terms even though ND, because of its intent to complete the plants at a cost in excess of \$13 billion, needs some different terms. We appreciate your effort to revise the contract to accommodate our client's needs. The contract is not there yet, however.

So you don't have to guess what we need I have attached a letter that contains the actual changes required. Please call me with any questions you have.



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ND\_005159





**HUGHES  
SOCOL  
PIERS  
RESNICK  
DYM, LTD.**

70 West Madison Street  
Suite 4000  
Chicago, Illinois 60602  
T. 312.580.0100  
F. 312.580.1994  
hspllegal.com

Larry D. Blust  
Direct Line: 312.604.2672  
Direct Fax: 312.604.2673  
Email: [lblust@hspllegal.com](mailto:lblust@hspllegal.com)

October 18, 2016

**Via Email Delivery:** [coneill@ceadvisors.com](mailto:coneill@ceadvisors.com)

Carrie O'Neill  
Concentric Energy Advisors  
293 Boston Post Road West, Suite 500  
Marlborough, MA 01752

Dear Carrie:

We have reviewed your revised Bellefonte Purchase and Sale Agreement ("P&S Agreement") and the changes you made in regard to our concerns so Nuclear Developing LLC ("ND") can meet the terms for bidding at the auction. Unfortunately, your latest draft still does contain terms that ND could agree to as a condition to bidding at the auction and/or bidding the minimum price. The following changes are necessary to achieve that result:

1. Licensing Issue:

We appreciate you allowing two years to close but your revisions do not allow a closing to occur in less than 2 years if the conditions precedent are met. Our client needs to close as soon as possible. The two constraining conditions are final environmental signoff and approval by the NRC of the construction license transfers. To achieve this result the following changes need to be made:

(a) revise the first sentence of 5(a) to read as follows:

The closing of the transaction contemplated by and under this Agreement (the "Closing") shall occur as soon as practicable (but in no event more than thirty (30) calendar days) after all conditions set forth in Section 6 below shall have been satisfied (or stand ready to be satisfied at Closing) or waived by the party to whom the condition benefits.

(b) add after 6 (a) (v) the following and renumber (vi) as (vii):

(vi) unless Buyer informs TVA that it does not require transfer of the Permits listed in schedule 11(e), approval by the applicable Governmental Authorities of the transfer of such Permits to the Buyer.

Thirty years of excellence.

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ND\_005160

Carrie O'Neill  
Concentric Energy Advisors  
October 18, 2016  
Page 2

◆ HSPRD

(c) Revise 11(a)(iv) by adding at the end of (B) the words "or fails to make the determination required in closing condition 6(a)(i) on or prior to November 13, 2018" and add the following after (C) "(D) closing condition 6(a)(vi) (if applicable) has not occurred by November 13, 2018, or (E) closing condition 6(a)(ii) has not occurred by November 13, 2018.

(d) Delete 11(a)(v), make 11(a)(vi) into (a) (v) and revise it to read:

(v) By Buyer at its convenience at any time prior to the earlier of Closing or November 13, 2018, upon written notice to TVA.

(e) Revise 11(b) to read as follows:

Upon any termination or expiration of this Agreement pursuant to Section 11(a)(iii) or 11(a)(v), TVA shall be entitled to retain the Down Payment and any Cost Reimbursements paid by Buyer to the date of termination as liquidated damages and not as a penalty resulting from such termination. If termination occurs for any other reason, TVA shall return the Down Payment and any Cash Reimbursements paid by Buyer to Buyer within 30 days by check or electronically as directed by Buyer.

## 2. Cost and Reimbursement Issues.

Obviously, no one can agree to this P & S Agreement with unknown obligations for costs and reimbursements.

(a) Thus, the amount in 1(f) for estimated salvage value must be filled in and ND (which is probably the only potential bidder interested in this) must have approved it. Please provide this number and backup as soon as possible. Also, since the closing date will no longer be an outside date certain, please provide the terms of storage cost.

(b) In 5(c), the numbers need to be filled in and (i) and (ii) need to be actual numbers not estimates and should have separate amounts for each. Number (iv) needs to be only the additional environmental costs for the successful bidder's use. It is thus difficult to understand how you can have an estimated number for all bidders.

(c) New Section 12 (e) apparently will apply only to ND. ND will not pay TVA's costs of maintaining the property which TVA would have to incur for any Buyer and which are incurred before TVA has met its environmental conditions for sale. If ND is the highest bidder these maintenance costs simply reflect what it takes to get more for the property. Thus, ND believes this new provision should be deleted. As a compromise ND would agree to the following:

(i) the quarterly fee amount filled in would represent only the excess of the cost of NRC requirements over what TVA would otherwise have to pay.

Thirty years of excellence.

Carrie O'Neill  
Concentric Energy Advisors  
October 18, 2016  
Page 3

◆ HSPRD

(ii) the charge would apply only after TVA met condition 6(a)(i) and (ii) since TVA could not sell the property until these conditions are met.

(iii) the charge would be refunded if the sale fails to close for a reason entitling ND to a refund of Reimbursements and the Down Payment.

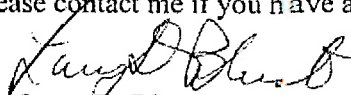
(iv) these amount are paid only to the extent they exceed ND's purchase price reduced if there are another qualified bidders by the amount bid by any other qualified bidders. This, if there were no other qualified bidders there would be no maintenance charge paid until the charges exceeded \$36.4 million. On the other hand, if ND bid \$37.0 million and someone else bid \$36.4 million, the charge would apply only to the extent the total exceeded .6 million.

The proposed wording for this alternative would read:

Notwithstanding anything provided herein, if Buyer elects to have TVA continue to maintain assets that support completion and operation of the two unfinished nuclear units in a manner sufficient to meet NRC quality control requirements until Closing, Buyer shall pay TVA \$\_\_\_\_\_ per quarter (every three-month period from the date that both closing conditions 6(a)(i) and (ii) have been satisfied until the Closing or termination) by wire transfer without further invoicing or billing by TVA, provided that no such payments shall apply until the aggregate cumulative amount which would otherwise be due exceeds the Purchase Price less, if there are any other qualified bidders for the Property, the highest amount bid by such qualified bidders and provided further that, if the Agreement is terminated per Section 11, any amount so paid shall be refunded to Buyer if the Deposit and the Reimbursable Costs are refunded to Buyer.

(b) the reference in 21 to 11(c) is a mistake and should be to 11(b).

ND wishes to be able to bid at TVA's auction, but the above issues must be resolved before it can submit your required statement of intent. Please contact me if you have any questions.

  
Larry D. Blust

Thirty years of excellence.

## **DEPOSITION EXHIBIT**

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October 24, 2016

VIA E-MAIL DELIVERY

Larry D. Blust  
Hughes, Socol, Piers, Resnick & Dym, Ltd.  
70 West Madison Street  
Suite 4000  
Chicago, Illinois 60602

**RE: POTENTIAL SALE OF BELLEFONTE NUCLEAR PLANT SITE**

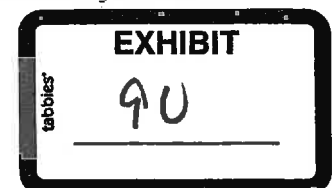
Dear Mr. Blust,

This letter responds to your October 18, 2016 letter to me regarding the revised Purchase and Sale Agreement (Agreement) for the Bellefonte Nuclear Plant Site (BLN Property). TVA has carefully considered the changes you requested to the Agreement and thought it would be helpful to provide its response before the Agreement is released in final.

TVA has offered to meet with all interested entities of the BLN Property before the final stage of the auction process to discuss any issues they have and get comments on the draft Agreement. As you know, TVA and Concentric met with you and representatives of your client, Nuclear Development LLC, including Franklin Haney on October 4, 2016. You reported on your client's progress in arranging financing to complete the two partially-constructed nuclear reactors on the BLN Property and in obtaining the approval of the Nuclear Regulatory Commission (NRC) to transfer TVA's permits to construct the two units. You said that your client needed to be able to show that it was "the winner" at the public auction before November 23, 2016 and that time was needed to complete financing and transfer of the permits before your client would fully commit to purchase and invest in the BLN Property. You estimated that it would take one year to complete financing and to obtain NRC approvals after the auction, but could take as long as two years.

TVA's objective in selling the BLN Property is to stimulate economic investment at the site to the benefit of the area and surrounding communities. Because it is unlikely that TVA will need additional baseload generation or use the site for 20 or more years, TVA is offering to sell the site to determine if some other entity could productively use the site and will commit to invest in it. It would not serve the area well to transfer the site to another entity that would simply continue to sit on it for years.

Accordingly, TVA has informed interested entities that it would not accept open-ended contingencies that would allow the successful bidder to defer investing in the site for an unlimited period of time. After Concentric's discussions with multiple potential bidders, TVA recognizes that providing the successful bidder more time to address whatever contingencies a bidder may encounter could encourage more bids and would be reasonable. The draft Agreement was revised to do this by deferring closing for two years at which time the full purchase price would have to be paid. The Agreement also would start a minimum investment period one year after this deferred closing date. That is consistent with the outer time period needed by your client and results in a closing date of November 14, 2018, assuming the public auction is held next month on November 14. A deferred closing also provides TVA time to conclude its activities and vacate the site. The deferred closing will, therefore, address concerns you had raised regarding those activities in your October 2, 2016 email and in our recent meeting.





Here are TVA's responses to your specific requests:

1. Licensing Issue:

- a. You have stated that your client needs to close as soon as possible and ask that the deferred closing language be removed. This is not consistent with what you told TVA in our meeting on October 4, 2016. TVA believes the deferred closing is a reasonable compromise that allows potential bidders, including your client, sufficient time to resolve contingencies and also provides TVA time to vacate the site without having to establish rights to continue to use the site to do this. If a Buyer can resolve its contingencies and TVA can wrap up its activities sooner than November 14, 2018, TVA will in good faith work with the Buyer to advance the closing date.
- b. You ask that TVA condition closing on the successful bidder obtaining identified environmental permits and transfer of the two NRC construction permits. Based on your statements, the two-year deferred closing should be more than sufficient time for your client and any other bidder who may be interested in a transfer of the permits to accomplish this. Your proposed condition is the kind of open-ended contingency that TVA will not accept and the Agreement will not be changed as you request.
- c. You ask that TVA modify one of the termination provisions to allow termination of the Agreement if its Chief Executive Officer does not determine that potential environmental impacts have been appropriately considered and found acceptable by November 13, 2018. TVA thinks that allowing termination of the Agreement at the Buyer's discretion before the closing date (November 14, 2018) addresses this, but is not opposed to revising this provision to make that clearer and will do this.
- d. You ask that the Agreement be modified to remove a party's right to terminate the Agreement if closing has not occurred on or prior to November 14, 2018. Because TVA is retaining the deferred closing approach in the Agreement, this termination provision is needed and will be retained.

2. Cost and Reimbursement Issues:

- a. You ask that TVA modify the Agreement to limit its right to retain the down payment and any cost reimbursement payments only if the Agreement is terminated because of a Buyer breach or if the Buyer terminates the Agreement at its convenience before closing. In addition to these events, the Agreement is currently drafted to allow TVA to retain payments if the Agreement is terminated by mutual consent or if closing does not occur by the deferred closing date, November 14, 2018. TVA thinks it is appropriate to retain payments for these other two events.

The Buyer will be able to take into account TVA's retention of any payments before agreeing to terminate the Agreement by consent. If payment retention is a sufficient disincentive to agree to termination, the Buyer does not have to consent. The deferred closing will allow a successful bidder time to address contingencies before having to close on the site and complete payments. This is akin to a two-year option to acquire the site and is obviously valuable. TVA is not willing to make your requested change.





- b. You state that bidders should not be expected to commit to signing the Agreement if payment-related information is not provided. TVA agrees, and I have provided you an updated version of the Agreement that includes the reimbursement information.
- c. Finally, you request that Section 12(e) be significantly changed. That section now provides that TVA is willing to continue to maintain nuclear plant components consistent with NRC requirements until closing if a Buyer asks TVA to do this and agrees to pay TVA the increase over normal maintenance costs. Your position is that your client will not agree to pay normal site maintenance costs. I have subsequently explained that the \$875,000 quarterly charge in the Agreement is limited to the increase in NRC-driven maintenance costs.

You propose to begin the payment of these increased maintenance costs after TVA completes the environmental review process and remediation of any environmental substance contamination. You also propose a complicated formula that appears to make these payments dependent on their aggregating to the purchase price for the site or some variation of that. Finally, if this hurdle on payments is crossed, you would require reimbursement of any payments that are made if the Agreement is terminated under Section 11. That would include termination at the Buyer's discretion. This is not acceptable to TVA. These NRC-driven maintenance costs would result only if the Buyer asks TVA to continue to do this level of maintenance. It is appropriate and fair that a Buyer reimburse TVA these costs.

TVA paid close attention to the concerns that you and your client representatives raised in our meeting. It adjusted the sale structure in a way that gives your client the opportunity to secure the site for just 20% of the purchase price and, if your client's project fails to materialize for any reason for two more years, allows your client to terminate the arrangement without paying the remaining 80% of the purchase price. You asked that TVA make the two steam generators that are being fabricated for the plant part of the sale. These generators are uniquely designed for the Bellefonte plant and cannot be used elsewhere. They do, however, have scrap value. Accordingly, TVA revised the Agreement to allow a buyer to acquire the steam generators for their scrap value. On the other hand, these generators are necessary to complete the nuclear plant and have a value of almost \$170 million for a buyer that needs them. Selling them for scrap value is a significant concession, and should be a substantial incentive for any entity who plans to finish the plant.

Based on what you and your client said in our meeting, TVA believes the revisions it has made to the Agreement should be sufficient to address any legitimate concerns and enable your client to submit a conforming bid. TVA hopes that your client chooses to do so and participates in the public auction on November 14, 2016.

Sincerely,

*Carrie O'Neill*

Carrie O'Neill  
Concentric Energy Advisors

CON/wdp

## **DEPOSITION EXHIBIT**

**91**

**To:** Larry D. Blust[lblust@HSPLEGAL.COM]  
**From:** Chardos, James S[jschardos@tva.gov]  
**Sent:** Wed 8/29/2018 9:09:00 PM (UTC)  
**Subject:** RE: Letter  
ND to TVA Extension Letter Rev 2.pdf

ange made will send out tomorrow in the am  
anks

Jim Chardos  
Site Manager Bellefonte Nuclear Plant  
Nuclear Projects

2744 Bellefonte Road  
Hollywood,Alabama 35752  
256 574-8228  
Cell 423 309-7072  
[jschardos@tva.gov](mailto:jschardos@tva.gov)

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**From:** Larry D. Blust [mailto:lblust@HSPLEGAL.COM]  
**Sent:** Wednesday, August 29, 2018 3:41 PM  
**To:** Chardos, James S  
**Subject:** RE: Letter

TVA External Message. Please use caution when opening.

I suggest changing the words "necessary for" to "to accommodate". Otherwise looks great.

**From:** Chardos, James S <[jschardos@tva.gov](mailto:jschardos@tva.gov)>  
**Sent:** Wednesday, August 29, 2018 3:30 PM  
**To:** Larry D. Blust <[lblust@HSPLEGAL.COM](mailto:lblust@HSPLEGAL.COM)>  
**Subject:** Letter

Jim Chardos  
Site Manager Bellefonte Nuclear Plant  
Nuclear Projects

2744 Bellefonte Road  
Hollywood,Alabama 35752  
256 574-8228  
Cell 423 309-7072  
[jschardos@tva.gov](mailto:jschardos@tva.gov)



ND\_004070

## **DEPOSITION EXHIBIT**

**92**

**To:** Larry D. Blust [lblust@HSPLEGAL.COM]  
**From:** Chardos, James S [jschardos@tva.gov]  
**Sent:** Tue 11/6/2018 5:18:36 PM (UTC)  
**Subject:** RE: Did we get any feedback

I don't know nothing about TVA public relations and a list of employees. Franklin just called me a few minutes ago seeing if I had on when Bill Johnson would get back to him. Need to talk later on insurance, etc.  
 Thanks

Jim Chardos  
 Site Manager Bellefonte Nuclear Plant  
 Nuclear Projects

2744 Bellefonte Road  
 Hollywood, Alabama 35752  
 256 574-8228  
 Cell 423 309-7072  
 jschardos@tva.gov

**From:** Larry D. Blust [mailto:lblust@HSPLEGAL.COM]  
**Sent:** Tuesday, November 06, 2018 11:09 AM  
**To:** Chardos, James S  
**Subject:** RE: Did we get any feedback

TVA External Message. Please use caution when opening.

Per Cliff Beach, Bill Johnson is meeting with Memphis City Council this afternoon and will not make up his mind until after that meeting. Also Cliff said someone called TVA public relations saying they represented ND and wanted a list of employees. Do you know anything about that?

**From:** Chardos, James S <jschardos@tva.gov>  
**Sent:** Tuesday, November 06, 2018 10:15 AM  
**To:** Larry D. Blust <lblust@HSPLEGAL.COM>  
**Subject:** RE: Did we get any feedback

Anything today  
 Thanks

Jim Chardos  
 Site Manager Bellefonte Nuclear Plant  
 Nuclear Projects

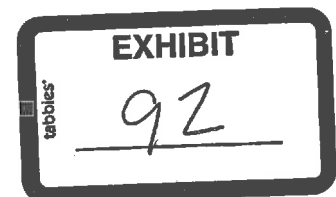
2744 Bellefonte Road  
 Hollywood, Alabama 35752  
 256 574-8228  
 Cell 423 309-7072  
 jschardos@tva.gov

**From:** Larry D. Blust [mailto:lblust@HSPLEGAL.COM]  
**Sent:** Monday, November 05, 2018 5:16 PM  
**To:** Chardos, James S  
**Subject:** RE: Did we get any feedback

TVA External Message. Please use caution when opening.

No. Bill Johnson called Franklin this am and said he would get back to him this afternoon but I just talked to Franklin and so far that has not happened. I have called Sherry and Cliff several times today but have not gotten a return call.

ND\_004315



**From:** Chardos, James S <[jschardos@tva.gov](mailto:jschardos@tva.gov)>

**Sent:** Monday, November 05, 2018 4:37 PM

**To:** Larry D. Blust <[lblust@HSPLEGAL.COM](mailto:lblust@HSPLEGAL.COM)>

**Subject:** Re: Did we get any feedback

thing yet

Sent from my iPhone

On Nov 2, 2018, at 7:38 PM, Larry D. Blust <[lblust@HSPLEGAL.COM](mailto:lblust@HSPLEGAL.COM)> wrote:

TVA External Message. Please use caution when opening.

TVA has now delayed a response to Monday giving the excuse that Bill Johnson is in London.

**From:** Chardos, James S <[jschardos@tva.gov](mailto:jschardos@tva.gov)>

**Sent:** Friday, November 02, 2018 3:15 PM

**To:** Larry D. Blust <[lblust@HSPLEGAL.COM](mailto:lblust@HSPLEGAL.COM)>

**Subject:** Did we get any feedback



## **DEPOSITION EXHIBIT**

**93**

**To:** lblust@hsplegal.org[lblust@hsplegal.org]  
**Cc:** Chardos, James S[jschardos@tva.gov]  
**From:** Akstulewicz, Frank  
**Sent:** Mon 4/17/2017 12:09:18 PM  
**Subject:** update on current Bellefonte progress

**TVA External Message. Please use caution when opening.**

Hi Larry

It's been a couple of months since we spoke... any insights into progress on licensing activities for the license transfers, construction organization, or the setup for a licensing organization would be great to hear – especially timelines for getting that in place.

We have selected the lead licensing project manager for your project and would like to engage with your staff on the working level to discuss activities going forward.

Frank Akstulewicz  
Director, Division of New Reactor Licensing  
NRC  
301-415-2248  
frank.akstulewicz@nrc.gov



## **DEPOSITION EXHIBIT**

**94**

**To:** Quirk, Sherry Ann[saquirk@tva.gov]  
**Cc:** Franklin Haney, Sr.[flh@flhcompany.com]; Frank Haney[frankhaney@flhcompany.com]  
**From:** Larry D. Blust[lblust@HSPLEGAL.COM]  
**Sent:** Wed 10/24/2018 6:00:26 PM (UTC)  
**Subject:** Follow up  
2018\_10\_24\_12\_55\_26.pdf

Per our meeting yesterday, a list of our talking points is attached. I left you messages this am to discuss any suggestions you have on these as a result of our meeting yesterday. Please let me know if you have any suggestions for changes



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ND\_004222

Following up on our meeting, Nuclear Development LLC ("ND") would be willing to discuss the following to resolve any issues with TVA regarding Memphis:

- ND recommending to Memphis a partial requirements contract between Memphis and TVA with ND providing base power to the extent generated by Bellefonte unit one to Memphis and TVA providing the balance of Memphis Power needs at its regular price including excess base power, peak power and backup power.
- ND would arrange for the delivery of Bellefonte power to Memphis through TVA's transmission system at TVA's tariff rates with ND funding any needed upgrades to TVA's transmission system.
- TVA becoming the operator of the Bellefonte plants at market rates including fees for training.
- A TVA equity interest in ND as to Unit 1. This would be a carried interest with TVA not contributing any capital to ND but receiving a 50% interest in the profits from Unit 1 such profit to be paid 50% to TVA after invested capital plus an 8% priority rate of return is received by the other ND owners. DOE financing is not recourse to ND members so TVA would have no obligation to contribute capital. All tax credit proceeds would inure to the benefit of the other ND members. This and the operator position would depend on OMB approval under the Appropriations Act of 2009.
- A 6 month closing extension on ND's purchase contract on commercially agreed terms.

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